



# PRODUCT LICENSING

**The Purpose of Licensing** is to secure an agreement with a trustworthy company to fund, develop, market, and distribute the product, and guarantee payment to you. The *right* license with the right company is everyone's dream and may be the highlight of your life.

Licensing is one of the best kept secrets and one of the fastest and most profitable ways to make money with ideas. It is fast because it facilitates existing production, distribution, and marketing. It is more profitable because it eliminates your costs, funds the product, and a percentage goes in your pocket.

**1. Make money with your ideas.** In addition to Royalties there are many ways to make money including an option, an advance, an outright sale, development contracts, annual guarantees, and multiple licenses for different Fields-of-Use.

## SOME LICENSING SUCCESSES



**2. Partner with a giant company.** If you had to select one company as the best candidate, would it be a marketing company, distributor, manufacturer, or a retailer? And why? It is about getting the *right* product to the *right* people in the *right* company.

**3. Sit back and collect mailbox money.** Licensing creates Passive Income, which is payment for your ideas. It is the freedom to do what you want, work on projects you like, or not work at all.

**“This one little hit set us up for life, we got the car we always wanted, a big house in the country, a second house, and everything needed to build our own business.**

The inventor of Grabbin' Grasshoppers

# What is Licensing?

There are two ways to make money with ideas. You can build a business to manufacture and launch the product, which is enormously expensive. Or you can license the product to a company that will fund it and pay you for the rights.

Licensing is simple in principle. It is like renting a house you own. If you have ideas, trade secrets, works of art, inventions, or designs you have Intellectual Property. You can rent it, sell it, or use it yourself. All you need is an interested party. The hard part is finding an interested party with the ability to effectively fund and distribute your product.

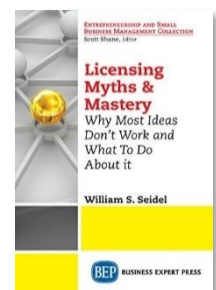
Ask 20 people to define licensing and you will get 20 different unknowledgeable answers. If you ask 20 professionals, you will get 20 different knowledgeable answers. "If we're lucky, of the 10 or 15 items we do a year, maybe one or two of them wind up with a license agreement," Ralph H. Baer, inventor of the video game. Eric Schmidt said, "Half of Google's revenue comes from selling text-based ads and the other half comes from licensing its search technology to companies like Yahoo." Author Kalyan C. Kankanala says, "A Patent is not a license to make money, it is a license to prevent others from making money,"

## ***Licensing Myths & Mastery: Why Most Ideas Don't Work and What To Do About It***

is our presidents recent book. It is about marketing your property to an agreement. It is the first of seven books that explode the *Myths* of ideas, inventions, and startups and explains how to master them. Available on Amazon, Google Books, and bookstores.

<https://tinyurl.com/2afau974>

★★★★★ "Wow! This is the most honest, informative, comprehensive book I've ever read on this subject. There isn't one word of fluff in these pages. I feel fortunate to have found this book and to be benefiting from Mr. Seidel's years of extensive experience and success.



**You only need one yes!** And you want the best deal with the best company. But getting a yes from the best company can be difficult. There is a specific way to do this using the Hit List and the hierarchy of the best companies to the almost best companies. The most important consideration is that the company licenses from outside of their *Inner-Circle*.

**The Cubix Tube** is based on the bestselling toy and the next challenging level of brainteaser with a hollow maze built inside of a brightly colored, moveable collection of tubes.



**"It's a cube, it's a maze...ahhh stop,.. no my head hurts!"**  
★★★★★ 5 Amazon Stars

**Cubix Tube**

**The market is the only evaluator.** It always comes back to products selling in stores. Without knowing the product business, it is hard to recognize successful products, and knowing the companies behind them is even harder. Our products have been selling everywhere since 1984 and we know the products and the companies behind them. If you want your product in leading stores, then work with a company with products in leading stores.

## **Pizza Que & Pizzeria Pronto**

**★ Editors Pick Award, Gourmet Retailer, 2014**

The Pizza Que is a barbeque designed for Home Depot, Walmart, and Amazon. After the Pizzeria Pronto was proven in specialty stores, the big chains were quick to order the Pizza Que selling at a lower price. The following summer the product broke \$100,000,000. That's big success, fast!

**Pizza Que**



**\$100 Million**

**'We were developing the prototype and I laughed when America Invents said, "This could be a \$100 million product" because I know what it takes. Three years later it broke \$100 million making more money than we thought possible.'**  
The inventor of the Pizza Que

## Flexstriker & Flexiflame

### ★ Design Awards, Flexiflame, 2006

This lighter has a long flexible neck to extend the flame to pilot lights, barbecues, and hard to reach areas. The industrial version was Flexiflame and went on to win a variety of product design awards. This came to us a failed product and we turned it into a success with the right license. You can find it today in most stores. This is what the inventor said:

SAFEWAY 



**"I manufactured 5,000 but only sold 300 in four years. I had to pay for the inventory, tooling, storage, and it was a total loss.**

**"America Invents knew what to do and it worked just like they said. They made a deal with a distributor to buy the inventory and test it, I got my investment back, they licensed it, and I made a lot of royalties.**

**"After 10 years of royalties I wanted to sell it and they sold the remaining years on my patent. The company saved 20% and I got a giant check. I thought I just needed to make the products, but I needed the contacts. If America Invents accepts your product it is the best thing you can do."**

The inventor of the Flexstriker

**1. Make money with your ideas.** A Royalty is payment for granting the rights to the licensee. It should be in the form of a percentage of the revenue from every product sold. This goes straight to your bottom line. For example, Calvin Klein has revenues of \$160 million a year (2015) and 90% comes from licensing their name to makers of jeans, perfume, and underwear. The only merchandise the New York-based company makes is women's apparel lines.

In addition to royalties there are many ways to make money with ideas including an option protecting the property for a period of time, a nonrefundable advance on future earned royalties, annual guarantee's, an outright sale of all rights, development contracts, multiple licenses for different fields-of-use, and substantial tax advantages.:

## Triazzle Puzzles & Brain Teasers

★ **Over 30 Awards including: Dr. Toy, Parents Choice, & Creative Child.**

The inventor came to America Invents to represent his products. We licensed two product lines for a total of 16 products including Disney's Nemo, Toy Story, Alice in Wonderland, and even the Homer Simpson Brain Teaser.

The Licensee did not have the internal resources to develop the products, so we provided the product development to their specs because the inventor is a world-class artist. We negotiated a third agreement for the development and illustration of the finished products to meet the requirements of Disney, Fox, and Pixar. We provided finished art, which was approved first time, which is rare. The Triazzle brand continues today available in stores, Amazon, and online.



**\$62 Million**

**"I didn't have the contacts to obtain big names like Disney. America Invents took Triazzle to the next level with two licenses to an industry leader. I received two cash advances, a development contract and 16 products sold internationally."**

The inventor and designer of Triazzle

**2. Partner with a giant company.** Though not an actual partnership, it is a vendor relationship, and the best-case scenario is to have an agreement with a powerful, multinational corporation to manufacture, advertise, and distribute your product and pay you while they protect their market and your rights.

**So how do you reach the giant companies?** A license commits a company to sizable expenditures and only senior management has that authority. As an inventor, reaching senior management is near impossible. You need the relationships with the right companies or work with someone who has the contacts. If you have the contacts, you go straight to the decision makers. It is all about the contacts to reach them and inside information to know what they want.

Our priority is to work with trustworthy companies. Why would we work with any others? Knowing the trustworthy companies is near impossible without inside industry knowledge.

Fortunately, and because of our history and success, we are vendors with many companies and part of their cherished Inner-Circle. From our experience, only 20% of companies will consider licensing from outside, which means 80% should never see it. The biggest reason inventors are knocked-off is because they showed the wrong company.

**“Their market knowledge, inside corporate information, and contacts get the right products, to the right people in the right companies. I utilize America Invents whenever possible.”**

Lawrence J. Udell Chairman Emeritus the Licensing Executives Society

When we reach the Decider, we have three sentences to explain exactly what it will do for them. The presentation must be carefully worded to emphasize the advantages and the opportunity. The objective is to influence further interest to consider the product for a license agreement.

## **The Playskool Baby Monitor**

- ★ **Featured at Disney’s Hollywood Studios, 2006**
- ★ **Featured in Pixar’s Toy Story movies, 1995 & 1999**
- ★ **The Henry Ford Museum of Innovation, 1990**

The 1<sup>st</sup> baby monitor was conceived, designed, developed, presented, and licensed under our president’s management. This included the prototypes, presentation, and the licensing.

Customers quickly accepted this first-of-its-kind monitoring device that held the leading market position. It was a one-way walkie-talkie with a stationary transmitter allowing better transmission, reception, and reliability. This pioneered baby monitoring, home monitoring, and home security.



**The “Hit List”** defines the best to the almost best prospective companies. This is a hierarchy of the good, better, and best prospective companies, composed of the 20% of companies that license from outside of their Inner-Circle.

If you first approach company #57 who says yes, before the bigger and better companies #1 through #56 have passed you will never know if you got the best deal from the best company. You may lose the big players if you show other companies first because top companies lose interest when their competitors pass.

If you had one company to select as the best candidate, what company would it be and why? Knowing the industry and the leading players is required. This is basic and one of the big reasons to work with an agent or an industry insider.

## **The Luv U ZOO Crib 'n Go Soothers**

★ **Licensing Award, Best New License, Fisher-Price, 2011**

This revolutionary projection technology uses inexpensive LED's and we saw many applications but knew it could cut the costs of mechanical projectors by greater than 70 percent with a full color light show! We showed Fisher-Price first because they were the best in the category, and we had inside information they needed to reduce costs. They optioned it on the spot, and we finalized a five-year license and a second agreement with Mattel.



**The Corporate Review Process** is an internal evaluation and product review. Though different for each company, the process remains basically the same. We know this process and created the following flowchart to make it easier to understand. It shows how ideas are handled inside most companies.

The product goes through a process of design review, manufacturing, costing, operations, timing, legal, financial, sales, and marketing approval. Ultimately, if sales and marketing commit to millions of units and if all departments agree, then it goes to senior management to compose an offer.

**It starts with No Knowledge** of the product. The company must see how it fits their manufacturing, marketing, and distribution. This is an immediate question, and you must have an answer.

**Interest.** The potential licensee has interest, or they do not. At this point it is a pass or they need more information. The more you can provide the easier it is for the company to decide and the more you can influence their decision.

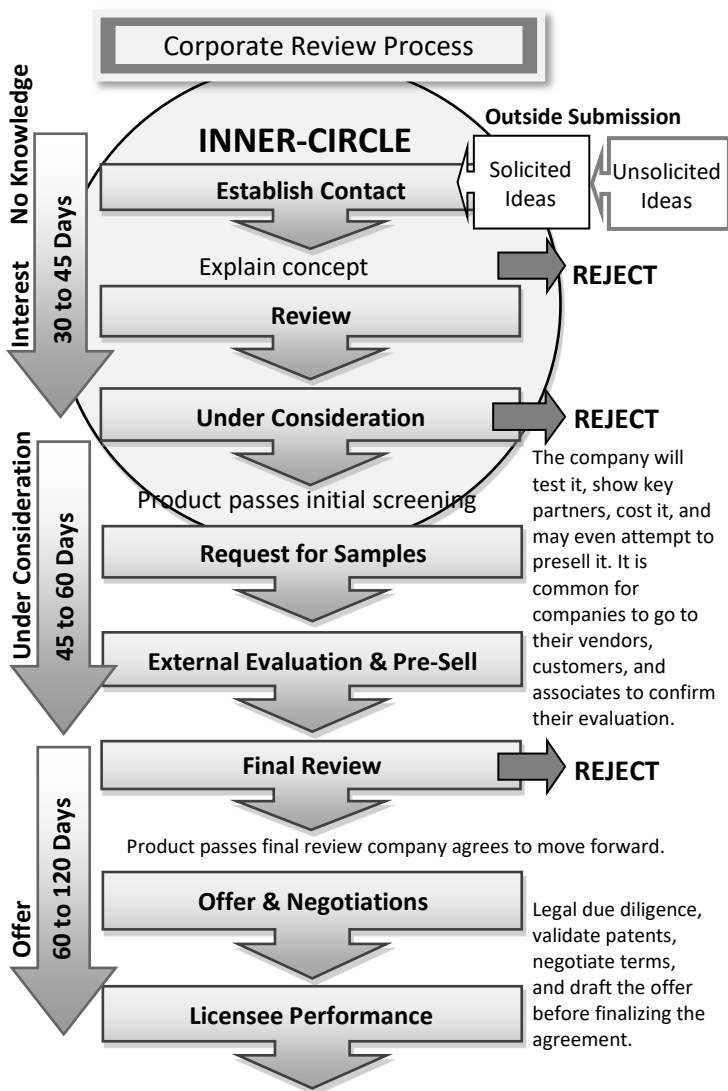
**Under Consideration** is when the company requests prototypes, engineering, and costs. The potential licensee begins to use their money and resources to

explore the market potential. It goes through a barrage of reviews and if marketing commits to selling three million units the company will make it work.

**Internal and External Evaluation**

goes on forever because the customer response is unknown. They may even take it to their accounts to *PreSell* it to be certain they can sell 50,000 units before they manufacture 50,000 units.

**Final Review** is where the product is in competition with other products the company has under consideration. They will select the products they have the budget to launch. If it makes it this far then it is *"in the line."*



**The Negotiations and Offer** may be a phone call or a contract with a check attached. When everything goes right, and all departments agree, it moves to the offer.



If you turn their offer upside-down, you will likely lose it. This is a corporate decision to fund the project because it can be a profitable business. The important point is they accept it and will fund and market it.

Going through this process many times can be frustrating and painful because it always starts over at the beginning for a company with no knowledge and no interest. Most inventors and developers show several companies they know, get rejected and give up. The hardest part is patience! The company decides to move forward and negotiate terms as their time requires. This may take three or four months for one company's consideration and there is nothing you can do.

**3. Sit back and collect mailbox money.** Licensing creates *Passive Income*, which is one of the greatest financial freedoms you can attain. It is the freedom to do what you want, work on the projects you like, or not work at all. It arrives in your mailbox or hits your account automatically at your office or while you are on a three-month holiday. Passive Income is payment for your ideas, while the product predictably generates revenue and has a life of its own.

**InLight** lights up drawers, closets, and cabinets. It is a magnetic switch that turns on an LED light when the connection is broken. It is perfect to light small, enclosed spaces like drawers, cupboards, and cabinets.

The infomercial ran for a year and quickly sold into Ace, Lowe's, Walmart, Sears, and Target. Infringers quickly knocked it off and the costs for legal action were beyond the means of the inventors, so they accepted the revenues earned and forfeited further legal action.



**Many inventors get hung-up on the royalty percentage**, which is irrelevant. It is not the percentage that is important. It is the revenue that is important! A high royalty from a small company is far worse than a low royalty from a giant. You would gladly take a 2% royalty from an industry leader over a 15% royalty from a small company with no marketing budget and limited distribution.

## Grabbin' Grasshoppers

### ★ Best New Action Game, Grabbin' Grasshoppers, 1992

This simple game sold for three years and paid high six-figures in royalties. It had a TV budget and sold through Kmart, Wal-Mart, Target, and all major retailers. A promotion budget means it will *Sell-In* to all major chains.



**\$14 Million**

**“Grasshoppers were jumping everywhere, and our kids were catching them. We thought it could be a fun game. We made grasshoppers hop with suction cups and spring legs and Boing! They jumped high in the air. Catch the most and win!**

**“This one little hit set us up for life, we got the car we always wanted, and a big house in the country, a second house, and everything needed to build our own business.**

**“America Invents showed three companies, we got a \$50,000 check, a TV launch, and it sold millions. Today it’s now a classic game and a collector’s item.”**

The inventor of Grabbin' Grasshoppers

A Patent License and Product License are not the same. A Patent License is for the specific rights granted in the patent, for a limited time, in the territory. A Product License includes everything that makes up the product including the patents, trademarks, copyrights, commercials, the package, and a host of other rights. And you should be paid for every product made and sold. Lonnie Johnson invented the SuperSoaker and made the mistake of licensing the patent and lost over 20 years of royalties, the trade names, all copyrights, and improvements.

The right license with the right company to manufacture, market, and distribute your product is every inventor’s dream. You only need one yes to succeed but it must be the right product with the right company. And then you can sit back and collect mailbox money.

**HandyDolly** was a great product concept, but it was missing a finished prototype, weight testing, and packaging, we completed the prototypes to hold 300 pounds, designed a gravity lock open and closed function so it can fold flat and fit in a toolbox. We then made a deal with the first company we showed and licensed it to the largest infomercial company.



**"I worked with two companies for 5 years, they were expensive, wasted my time, and there was no money. My manufacturer put his name on my patents as payment, and I didn't know what to do.**

**"America Invents resolved it, improved the product, and licensed it to an infomercial company. I got an advance, guaranteed annual minimums, and royalties on international sales, even though I only have US patents.**

**"What more can I say, other companies took five years to fail while America Invents made it succeed in six months."**

Mr. K. C., inventor of the Handy Dolly, 2005

**Rainbow Stunt Streamer** is a line of seven products selling and paying royalties for over 20 years. The average life of a toy is three years, and the Stunt Streamer has broken all the rules. This simple dance ribbon has two patents for a sliding handle to speed up and slowing down the spin and for weight in the streamer end. It is a money machine that keeps paying off and over 19 years it really adds up.



**"Bull's eye! What fun to see my toy in Target. Your continued efforts in promoting this product have created ongoing sales opportunities and increased royalty payments. You and your company are the best! Thanks for everything."**

The inventor of the Stunt Streamer

**WHAT TO LOOK FOR?** Look for products you recognize from companies you know. Many companies show designs, prototypes, a few unknown products, or none. This says they have no products, no success, and no experience.

**Look for licensing experience.** America Invents has licensed in and out, to and from companies for inventors, for corporations, and for ourselves. We licensed 93 products for one company, licensed properties from the United States Air Force, executed CRADA's with leading Federal Laboratories, and licensed cutting-edge technologies. We also licensed the same products multiple times and leveraged Intellectual Property for big tax benefits.

Most important, our experience and history set us apart from other companies. It's all about product success and when it comes to licensing success, time on the market, revenue generated, royalties obtained, and successful products, America Invents is in the top one percent.

## Want to license your product?

**Work with a company that works with leading companies!**

**(707) 827-3580**



Developed the products, sold key accounts, and sold the company.



Worked with the company to present their products to potential licensees.



Developed and licensed the products, joint ventures, and established distribution.

All endorsements were unsolicited, and testimonials were voluntary and non-paid.



America Invents - Licensing



(707) 827-3580

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