

# Inventique®

The newsletter of Wessex Round Table of Inventors

August 2004

## Fears expressed over new DTI grant scheme

### COMPETITIONS REPLACE SMART AWARDS

**C**ONCERN IS RISING in the innovation industry that the government's scheme to replace its highly successful SMART Awards programme – widely regarded as being one of the best funding programmes of its type in the world – will result in fewer innovators receiving a share of a reduced financial 'pot'.

The Grant for Research and Development (R&D Grant), which was rolled out by the Department of Trade and Industry while its SMART Awards programme was being wound up last year, has introduced a competitive rule into its regional assessment process where applicants compete against each other for the available funds.

Only those ideas coming top in the competitions will successfully gain R&D Grant – yet each region's assessment panel (which in April transfer from the auspices of the SBS to a body yet to be announced) use different assessment criteria.

The fear is that this system will result in many innovative products and processes being refused government aid, even when they demonstrate commercially viable business ideas or marketable intellectual property.

After inception in 1985, the SMART Awards programme invested considerable sums into small innovative businesses, with awards of £40m granted to 1,500 innovators in 2002 alone. However, its success resulted in budget over-spends, which infers that future budget reductions will be imposed by the government in order to claw back funds.

Ironically, the WRTI's local Business Link Wessex enjoyed the highest success rate (95%) for SMART Award applications in the country, and its catchment area garnered most grants.

Like SMART Awards, the R&D Grant was created to help both SMEs and individuals develop technologically innovative products and processes. Over 100 projects have been entered into SBS South East's first competition alone. But with rumours of other funding bodies refusing to support projects below £50,000, it remains to be seen how many lone inventors and small innovative companies actually gain access to these funds. ■

● [www.dti.gov.uk/r-d](http://www.dti.gov.uk/r-d)  
[www.dti.gov.uk/innovative-idea](http://www.dti.gov.uk/innovative-idea)  
[www.businesslink.co.uk](http://www.businesslink.co.uk) (Tel: 0845 600 9006)  
[www.sbs.gov.uk](http://www.sbs.gov.uk)

### Special inventors' workshop scheduled

Dr BARRY STODDART, a research fellow with the multinational Procter & Gamble company, will present a special public workshop for inventors, innovators and entrepreneurs at Southampton Institute on Wednesday 15th September, commencing at 2pm.

Dr Stoddart will introduce the process instituted by Procter & Gamble for assessing new inventions and will undertake a forensic review of existing WRTI projects. Procter & Gamble enjoys a \$53bn worldwide annual turnover. The workshop is free to WRTI members.

Next WRTI meeting

**WEDNESDAY 8 SEPTEMBER**

No WRTI meeting will be held during August.

## WRTI fees due

ANNUAL WRTI membership fees of £24 are now payable for both Full Members (inventors and entrepreneurial innovators) and Associate Members (individuals or companies who support innovation). For an additional £10, Full Members may also join the Inventors Academy at Southampton Institute and gain access to their technical facilities.

● Cheques, made payable to WRTI, or requests for membership application forms, should be forwarded to:  
 Peter Van Peborgh, WRTI Membership Secretary, 88 Oakmount Road, Chandlers Ford, Hampshire SO53 2LP  
 Tel: 02380 365413 [membership@wrti.co.uk](mailto:membership@wrti.co.uk)

Wessex Round Table of Inventors meet at 6.30pm on the second Wednesday of each month at Southampton Institute, East Park Terrace SO14 0RP



## VIEW FROM THE CHAIR

THE HIGHLIGHT of last month's club meeting was the WRTI Annual Keynote Lecture 2004 given by Professor Andrew Self, Pro Vice Chancellor (Enterprise) at Kingston University. Andrew beguiled us all with a potted history of his innovative career, beginning with foam fire extinguishers developed when he was serving in the RAF through to sophisticated anti-stall devices which prevent F16 fighter aircraft from falling out of the sky.

Professor Self's enthusiasm for the world of invention is infectious, which is no doubt a contributing factor towards his fund-raising initiatives, which recently included successfully securing a £10.6m grant for the West Focus Group of Universities.

This two-year programme has ambitious plans which will be of real practical help to inventors. It will provide access to top level advice and guidance, and – let's not be shy about it – finance.

My own immediate future, upon my retirement from Business Link Wessex at the end of August, involves working with Andrew and the Kingston team. It should be a hugely exciting experience and a lot of fun.

I cannot allow this occasion to pass by without offering my sincere thanks to Dr Richard Penson of the Southampton Institute and John Gibbs, our erstwhile secretary, who are also due to retire. Richard and John have been terrific supporters of the WRTI, and I am sure you will all join me in wishing them both well in their future ventures.

Sincerely,

David

PROFESSOR DAVID NICHOLAS MBE, Chairman

INVENTORATOR Ian Solway

# Growth forecast

AMBITION A PREREQUISITE FOR THE HGSU SERVICE

**T**HE HIGH GROWTH Start-Up (HGSU) service was rolled out by the DTI in April 2000 to provide eligible start-up enterprises with assistance in realising ambitious development and growth potential.

Its focus is specific: to meet the needs of experienced, high-calibre managers, academics and entrepreneurs who wish to build new companies with significant growth and export potential.

To qualify, you will need to present a business plan demonstrating a credible projected turnover of at least £150,000 in Year 1, or in excess of £1m in Year 3. We would expect your long-term potential to significantly exceed these levels.

## Developmental support

If your ambitions meet these criteria, the HGSU service is able to provide access to £1,500 in matched funds to prepare your team and develop your proposal to an enhanced degree of investor readiness, leading to the realisation of rapid growth. You will also benefit from 14 hours of free practical and financial assistance in developing your commercial viability.

Eligibility and guidance regarding the HGSU service is given free of charge by Business Link

Wessex on a strictly confidential basis with the owner-manager or management team; by this means it confirms the objectives of the HGSU programme in giving equal recognition to the development of the people within the business as well as the business itself.

High Growth Start-Up Customer Relationship Managers act as the portal to the full range of Business Link Wessex services, including specialist advice on exporting, financial management and innovation, and acts as a conduit for advice on grants and further support.

If you have the ideas and the experience, and are interested in setting up your own high growth business, you should log-on to [www.businesslinkwessex.co.uk](http://www.businesslinkwessex.co.uk) and complete the online start-up questionnaire now. Alternatively, call 01329 223242 or email [info@businesslinkwessex.co.uk](mailto:info@businesslinkwessex.co.uk), where Business Link Wessex will help you explore your potential. ■

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● Ian Solway is HGSU Customer Relationship Manager with Business Link Wessex.

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[www.businesslinkwessex.co.uk](http://www.businesslinkwessex.co.uk)

**AT LAST** month's club meeting, WRTI chairman Professor David Nicholas MBE presented an engraved glass tankard to Professor Richard Penson (right), associate dean of Southampton Institute's Faculty of Technology, on the occasion of his retirement. Richard was a stalwart supporter of the club and a major force in creating the links between the Institute and WRTI. David quipped: "Richard is one of the good guys."



# COMMERCIAL GOOD PRACTICE-1

YOU HAVE AN INVENTION, BUT WHAT NEXT?

Once you have created an invention or innovation, you may wish to consider setting up a business to exploit your idea, writes *Rosanna Cooper*.

In doing so you will be faced with commercial and legal issues such as which legal structure to adopt for your mode of business; drafting a business plan; choosing a name for the business and/or product and registering them as trade marks; filing patent applications to protect subsisting technology; protecting intellectual property rights (IPR); marketing your products/services and obtaining high-quality legal advice.

Different methods of establishing a business have differing commercial, legal, and tax implications.

## Sole Trader

Anyone can establish a business as a sole trader if s/he intends to trade as an individual.

**Advantages:** The lack of formality. You would not be required to register for VAT until your annual turnover exceeds £58,000.

**Disadvantages:** Your liability is unlimited in the event of any claim or proceedings against your business (your personal possessions could be taken into account). Pay As You Earn (PAYE) income tax is payable to the Inland Revenue.

## Partnership

A partnership can be set up with two or more partners and enjoys much the same informality of a sole trader; it is more common for service businesses. It is advisable to have a partnership agreement drafted to govern its management and activities, which all the partners have a duty to uphold. Confirm the terms of the partnership agreement with fellow partners at the outset.

**Disadvantages:** The partners are jointly and severally liable, meaning that any successful action against the business can be enforced against any or all of the partners. Thus, the

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## ROSANNA COOPER CLARIFIES THE LEGAL POSITION FOR INVENTORS AND ENTREPRENEURS

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importance of high integrity in all partners cannot be over-emphasised.

### Limited Liability Partnerships

An LLP can be established with two or more partners and may be advantageous to Small to Medium Sized Enterprises (SMEs) requiring the benefits of a limited company whilst maintaining some of the simplicities of a partnership. LLP members retain the tax advantages of a partnership but would still be responsible to third parties if they act negligently. However, any claim against the business would not usually extend to personal assets.

### Joint Venture

A joint venture (JV) can be entered into by two or more parties to share the profits of the company created or by merging their operations in a particular territory. JVs should always be governed and managed by contractual arrangement. Issues associated with a joint venture include ownership of the JV, ownership of the respective parties IPR, and the tax implications.

### Limited Company

A limited company has a separate legal personality, and as such is separate from the owners and directors of the company. You must check the availability of a company name with Companies House, and adopt a memorandum of association and articles of association (which govern the business).

A limited company can be set

up with one director and a company secretary, when the shareholding of the company should be determined.

As with an LLP, you will be required to file your annual returns, accounts and other documents once the company is incorporated, and to hold board meetings and annual general meetings.

In most companies, its IPR is the main asset. If you are seeking investment it is advisable to assign the IPR to the company via a simple transfer document of the rights from you to the company. The company then owns the IPR; you would remain a director and founder shareholder of the business. The company would allocate shares to members of the company, such as investors, to raise capital. However, a shareholder's agreement should always be entered into in case of later disputes.

**Advantages:** Your personal assets would not be called into question in meeting the value of any damages awarded if an action were successfully brought against your company (save in a few extreme circumstances). The liability of the shareholders of the company would be limited to their capital contributions.

In the September and October issues of *Inventique*, I'll talk about how to prepare your business for funding and investment. ■

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● *Dr Rosanna Cooper is a partner at RT Coopers, a commercial law firm focusing on inventors and business start-ups.*

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## CENTRE OF EXCELLENCE The Patent Office

# It all began right here

A MODERN REGIME FORGED FROM ANCIENT RITES

**P**ATENTS PLAY a part in every aspect of life and can prove extremely lucrative to their owners (Ronald Hickman received £30m in royalties by the time his first Workmate patent GB1267032 expired in 1988).

An executive agency of the Department of Trade & Industry, the Patent Office is responsible for all such intellectual property – copyright, designs, patents and trade marks – in the UK.

Patents were a grant of the reigning monarch from medieval times until 1624, when new laws granted them for 'any manner of new manufacture within the realm' and limited them to a monopoly of 14 years (the time it took to train two generations of apprentices).

However, inventors still had to obtain the King's signature twice and visit seven different offices in order to receive a patent; Charles Dickens' alludes to this in his article 'A Poor Man's Tale of a Patent'.

The world's first 'modern' patent law – which also brought the Patent Office into being – was passed in 1852, when for the first time a description of an invention had to be filed and the patent published. The basic principle of this law,

offering a 14-year monopoly in exchange for publishing details of the invention, has not changed and has been adopted by almost every nation in the world.

### Spreading the IP net

From 1875/6 the Patent Office also began registering designs, which protect the look of an article, and trade marks, which protect its brand identity (trade mark number 1, the Bass Charrington red triangle, is still in force after 128 years).

Searches for novelty were not introduced until 1902, and were very different from today's searches – largely carried out online – which embrace worldwide publications and have to consider not only whether an invention is new, but also whether it is obvious compared with what is already known. ■

● **Inventors and entrepreneurs can request a free inventors' information pack by contacting:**

**The Central Enquiry Unit, The Patent Office, Concept House, Cardiff Road, Newport NP10 8QQ**

**Tel: 08459 500 505 or +44 (0)1633 813930**

**enquiries@patent.gov.uk**

**www.patent.gov.uk**

**www.intellectual-property.gov.uk**

## WEBSITE OF THE MONTH

**www.eere.energy.gov/inventions/IIPublications.htm**

Downloadable guides for inventors from the US Department of Energy's Inventions & Innovation site, including 'From Invention to Innovation' and 'Making the Licensing Decision'.

Website supplied by Mike Overy

## MEMBER SERVICES

Entries in this column are free to WRTI Members, who should mail their details to the Editor (see panel at foot of page).

**CONCEPT TO MANUFACTURE.** Help with presentation, prototyping, technical & manufacturing issues. Contact: Innovate Product Design, 01722 410 295

**FREELANCE EDITOR/DESIGNER**  
30 years book, magazine and partwork experience. Contact: Frank Landamore on 01273 475 184  
**franklandamore@hotmail.com**

**ELECTRONICS CONSULTANT** with 30 years experience, specialising in wireless and positioning technologies. Contact: Mike Overy, 01420 562378  
**mike.overy@zen.co.uk**

**ELECTRONICS ENGINEER** Concept to proof of principle. Ex-scientific civil servant. Own lab. Contact: Mike Wright, 01428 722833  
**mike@fwright21.freemove.co.uk**

**WRTI is seeking a Treasurer. Interested members should email: secretary@wrti.co.uk**

**WRTI CHAIRMAN** Professor David Nicholas MBE **chairman@wrti.co.uk**

**DEPUTY CHAIRMAN** Richard Little **deputychairman@wrti.co.uk** **SECRETARY** David Milward **secretary@wrti.co.uk**

**TREASURER** Mike Overy **treasurer@wrti.co.uk** **MEMBERSHIP SECRETARY** Peter van Peborgh **membership@wrti.co.uk**

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