

YOUR BUSINESS



GAMES PEOPLE PLAY

South Florida inventors know the rules for bringing new toys and games to market

TOY STORY

South Florida inventors offer tips for getting your new toy or game from idea to production.

BY ROBYN A. FRIEDMAN
SPECIAL CORRESPONDENT

June Lorenzo used to be just an ordinary stay-at-home mom. Now she's an inventor.

About 18 months ago, Lorenzo, 39, was tidying up the mess her three young sons had created in their Miramar home. Books were strewn everywhere, and without thinking, Lorenzo shoved one of them into an open-backed pillow.

"It hit me that this would be great if I created a character out of it," she recalled. So Lorenzo sewed frog, bunny, puppy and bear faces and arms onto pillows and came up with a children's reading buddy that "hugs" their favorite books.



EYES HAVE IT: Jordan Kavana, head of KGI Consumer Products, stresses the need for eye-catching packaging. *Staff photo/Angel Valentin*

Now Lorenzo sells the \$65 Hug-A-Book Pillow, for babies to 6-year-olds, from her Web site, www.ababyjillybee.com. She has sold about 100 of the handmade pillows in the past year, but is hoping to license it to a major manufacturer. "I invented it, but I want to move on to other things," she said.

Her chances of finding a big buyer may not be that bad. Rapid product turnover in the toy and game industry — which had 2002 sales of \$30.6 billion, including video games — forces companies to be on the prowl for exciting new products. That leaves opportunities for inventors like Lorenzo.

Toy and game inventors must be prepared, though, to steer through the technical process of acquiring a patent. Then they must decide how to market and distribute their invention. Or, if they get lucky, a major company will buy their invention by paying a royalty fee, usually from 2 percent to 10 percent of gross sales, for the rights to produce it.

Step one is to overcome their fears.

"Amateurs are so afraid that their ideas are going to get stolen," said Richard C. Levy, the Delray Beach-based author of *The Toy and Game Inventor's Handbook*. "I've met some people who are afraid to share their ideas with their own attorneys."

Levy, who has 26 years of experience in the toy and game industry, has licensed 125 original inventions, including the Furby, which sold 43 million units. He advises would-be inventors to stop standing in their own way. "The toy industry has such an appetite for new concepts," he said.

Every year, 60 percent of the prod-



PILLOW CASE: June Lorenzo has sold about 100 of her Hug-A-Book Pillows from a Web site, and is seeking to license her creation to a major manufacturer. She is holding Binky Bunny. Staff photo/Taimy Alvarez

ADVICE FROM THE EXPERTS

- Do your market research. Make sure there is demand for your product. Would-be inventors should attend trade shows to immerse themselves in the industry. For example, the American International Toy Fair — attended by more than 17,000 buyers from all over the world — takes place every February in New York City.
- Make sure your product is really new. Do a patent search, which can be conducted on the U.S. Patent and Trademark Office Web site at www.uspto.gov. On the site you'll also find a list of local patent depository libraries, where inventors can conduct manual searches of existing patents.
- Try to tie your invention into an existing brand, such as Barbie, Matchbox or a character on Nickelodeon, by approaching the manufacturer with an idea to extend the line. "You really need the edge of a brand for about anything you do today," said Richard C. Levy, author of *The Toy and Game Inventor's Handbook*.
- Be persistent. Just the process of getting a patent is grueling.
- Don't invent just for the financial rewards. "You've got to love what you do, or it's not going to come out very well," said Levy.

— ROBYN A. FRIEDMAN

ucts in the toy industry turn over, Levy said.

And since the Sept. 11 terror attacks two years ago, "there's a new thrust toward family values and families spending more time together," said Don Pucci, executive vice president of **Basix Inc.**, a Boca Raton-based developer and marketer of wireless technology products, toys and games.

Basix is a few months away from producing a consumer product called EZ-Find! Basic, which consists of a handheld transmitter that can keep track of up to 25 misplaced items. It is adapting the same technology to create an electronic form of "hide and seek" for kids that features beeping transmitters. It's also developing board games that use wireless technology.

PATENT PROCESS

Developing a toy or game starts with an idea, and that's where you need to begin taking steps to protect yourself, patent attorneys say.

"Start by documenting the date of the idea," said John Rizvi, a patent attorney and a partner in Gold & Rizvi PA in Plantation. He suggests keeping an invention ledger — a log book with careful notes that is witnessed.

When you have a working description of your invention or an actual prototype, Rizvi suggests visiting a patent attorney to look into filing a patent application. Or inventors can hire a regis-

tered patent agent instead.

Patents are granted by the U.S. Patent and Trademark Office in Washington, D.C., and are good for 20 years. They give the inventor the right to exclude others from making, using or selling an invention in the United States, or importing it here. Inventors are responsible for enforcing patents, which means suing violators if necessary.

Two types of patents apply to toy and game inventors. Design patents are for an original and ornamental design for a manufactured article. Utility patents are for a new and useful process, machine or manufactured article. For example, a design patent would protect the look of a board game, but the utility patent would protect how it works.

About 80 percent of the 350,000 applications received by the patent office each year are rejected because the invention is not new, said spokeswoman Brigid Quinn.

Once a patent application is filed, and the \$375 basic fee is paid, it will take between one and three years for the application to be approved. The invention is protected as "patent pending" from the date the application is filed. Inventors can expect to pay about \$3,500 to \$5,000 in legal fees to obtain a patent.

MARKETING MOVES

In the design phase, safety is a consideration, especially for items for children under age 3. According to the Toy Indus-

try Association, the federal government has regulations covering more than 100 safety areas, including small parts, sharp points and edges, flammability, toxicity, labeling and electrical hazards. You may need to hire an outside expert to be sure that you comply with safety standards.

Once you add patent, design and engineering fees to the costs to manufacture an initial run of the product, you can find yourself about \$75,000 to \$100,000 in the hole to bring a game to market, said Levy.

There are two ways to market and distribute a toy or game. The first is to sell it yourself, as Lorenzo does on her Web site and by wholesaling to stores. She recently sold six Hug-A-Book Pillows to a store in Waco, Texas, for 50 percent off retail. The store sold out and re-ordered more.

Lorenzo said she hasn't found it difficult to get her foot in the door with retailers if you approach them the right way. "I do my research and I'm a very determined person," she said.

Inventors who do decide to go it alone must be prepared to raise capital, find a manufacturer (or make the product themselves), seek orders from retailers, handle delivery and promote their product.

An alternative is selling your toy or game invention to a manufacturer.

According to Levy, a large manufacturer like **Mattel** or **Hasbro** won't even consider a new game unless it will sell at least 200,000 copies the first year. Some toy manufacturers won't deal at all with outside inventors, preferring to rely instead on their in-house staff. Others will work with outside toy design firms and toy agents.

New inventors might want to seek out small manufacturers directly, who might be more receptive. Hiring a toy agent or broker, who acts as a middleman, can be a smart move. Some agents are in the Yellow Pages under "toy consultants"; others may be registered patent agents. Before signing on, check credentials carefully.

Levy advises inventors to steer clear of invention marketing companies that advertise on TV, radio and in newspapers. "Avoid them like the plague," he said. "If a marketing service or agent asks for upfront money, run the other way."

PRETTY PACKAGES

Although many experts recommend



that inventors license their toy and game inventions as soon as they can, some small companies are successful at marketing on their own.

Miami-based **KGI Consumer Products**, a family business headed by 25-year-old Jordan Kavana, sells electronic toys. Kavana has invented more than 30 toys, such as the Hand Band, a pair of high-tech gloves with sensors that create digital music and allow users to play the virtual air guitar, drums or keyboard. Several of Kavana's products are available at stores such as Toys "R" Us.

Kavana, whose company sold more than 625,000 toys last year under its brand names, cited packaging as a key to success. KGI aims for a look that is fresh, with images and colors that stand out. Packaging should call attention to key features of a product in a "fun and hip" way, Kavana said.

While creating the right packaging is just one of many steps to bring a toy or game to market, if you've got the next Cabbage Patch Doll, you may find plenty of willing partners to help you.

"Toy companies need outside concepts," said Levy. "They know that the biggest hits of the toy industry have broken all the existing rules, and they've come from the outside. The smart ones remember it."

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HE WROTE THE BOOK: Author and Furby inventor Richard Levy says the market is hungry for new toys. Staff photo/Nicholas R. Van Staden