



Secretary of State
Elaine F. Marshall

North Carolina Secretary of State

IT

KB Website Manual

Invention Developer Services

May 12, 2023


Version 1.0

About Invention Developer Services Manual

This manual gives an overview of all of the pages and features of the **Invention Developer Services** section of the new KB website.

The screenshot shows the official website of the State of North Carolina, Secretary of State Elaine F. Marshall. The page features a navigation menu with 'General Interest' selected. A red arrow points to the 'Invention Developers' link under the 'Other Programs' section.

Official website of the State of North Carolina [Here's how you know](#) ▾

 **Secretary of State**
Elaine F. Marshall

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Invention Developer Services

The Invention Developer Services can be found under the **General Interest** section of the NC Secretary of State (SOS) website.

Go to the SOS website <https://test.sosnc.gov/>.

Select **General Interest > Other Programs**. You can also access the Invention Developer Services page by selecting **General Interest > Invention Developers**.

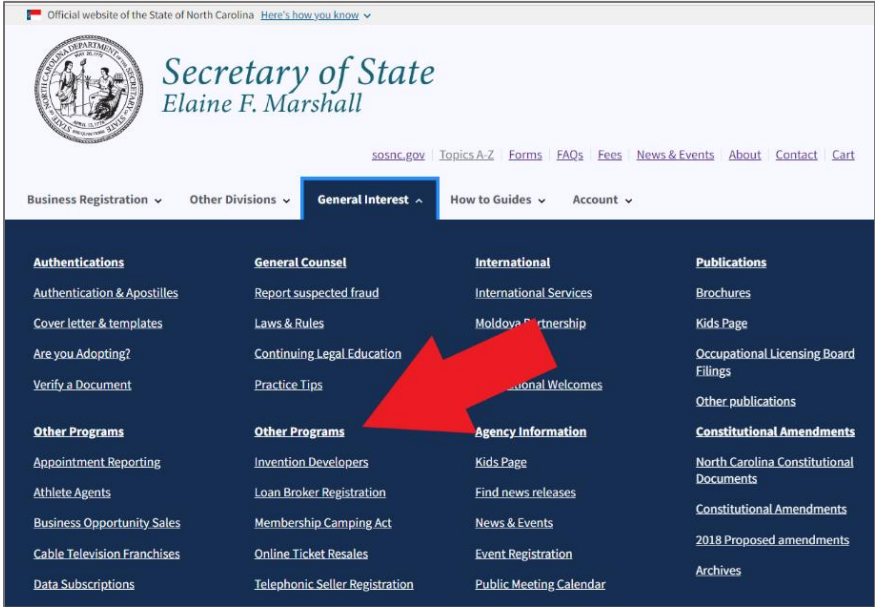


Figure 1. General Interest > Invention Developer Services

This takes you to the main **Invention Developer Services** page.

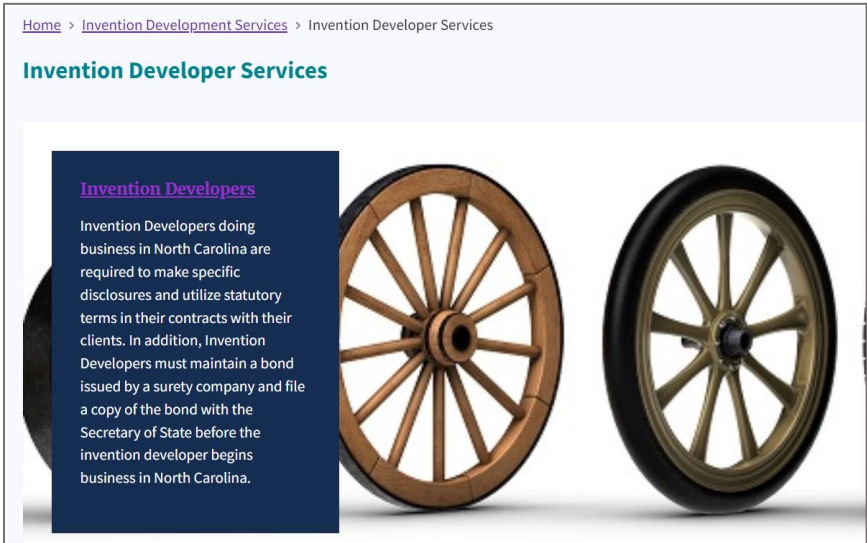


Figure 2. Invention Developer Services page

Invention Developer Services

This [Invention Developer Services](#) page contains links and contact information for the Invention Developer Services office.

The first thing you'll notice is the large stock image at the top with a statement for invention developers: *"Invention developers doing business in North Carolina are required to make specific disclosures and utilize statutory terms in their contracts with their clients. In addition, Invention Developers must maintain a bond issued by a surety company and file a copy of the bond with the Secretary of State before the invention developer begins business in North Carolina."*

Browse Invention Developer Services

You find five box links under the **Browse Invention Developer Services** section of the page.

The five box links are:

- [General Information](#)
- [Frequently Asked Questions](#)
- [North Carolina General Statute](#)
- [Invention Developer Inquiry](#)
- [Bond Submission Forms](#)

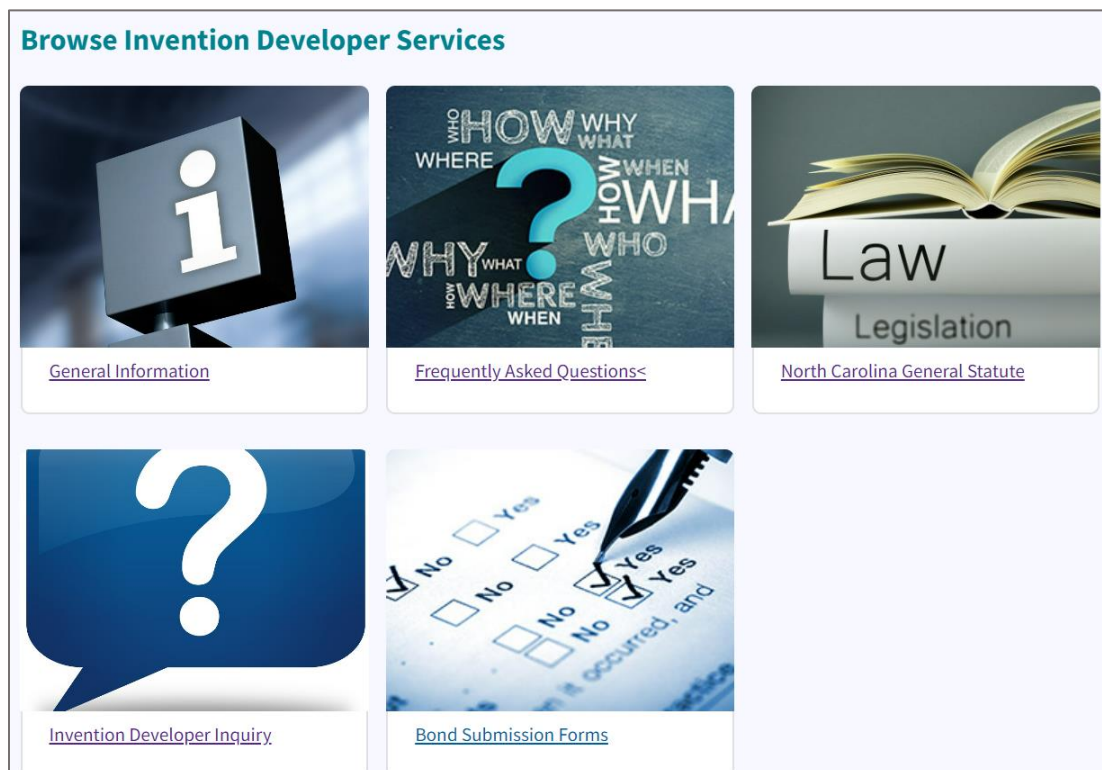


Figure 3. Browse Invention Developer Services

General Information

The [General Information](#) page has information for inventors and invention developers alike.

Why do invention developers need a surety bond?

The surety bond is required as a deterrent for fraudulent behavior and protects the inventor who enters a contract for invention development services with the invention developer. The bond benefits the person entering into a contract for invention development services should they be damaged by fraud, dishonesty, or the invention developer's failure to provide services after entering a contract. In other words, a surety bond is a safety net for inventors who enter a contract with an invention developer. It's also a deterrent for unethical behavior.

Non-Compliance = Court

Invention developers who fail to comply with the requirements of mandatory disclosure and contracting in N.C.G.S. 66-209 at seq. may end up in court. Their client may utilize specific statutory civil remedies, including treble damages and attorney's fees. Also, in the event that an apparent violation is discovered by the North Carolina Secretary of State, a case referral will be made to the North Carolina Attorney General who is empowered to obtain injunctive relief and also to recover a civil penalty up to \$25,000.00.

Who qualifies as an invention developer?

The general rule is one who is "an individual, firm, partnership, or corporation, or an agent, employee, officer, partner, or independent contractor of one of those entities that offers to perform or performs Invention development services for a customer."

Who is exempt from this rule?

However, please note the following categories of persons for purposes of this law are NOT included in this general rule:

- a. A department or agency of the federal, State, or local government;
- b. A charitable, scientific, educational, religious, or other organization qualified under [G.S. 105 130.9](#) or described in [Section 170\(b\)\(1\)\(A\)](#) of the Internal Revenue Code of 1986, as amended; (Internal Revenue Charities Search) <https://www.irs.gov/charities-non-profits/search-for-charities>)
- c. A person registered before the United States Patent and Trademark Office acting solely within the scope of that person's professional license:(U.S. Patent and Trademark Patent Customer Services) <https://www.uspto.gov/about-us/organizational-offices/office-commissioner-patents/office-deputy-commissioner-patent-administration/office-innovation-development>

d. A person, firm, corporation, association, or other entity that does not charge a fee, including reimbursement for expenditures made or costs incurred by the entity, for invention development services other than payment made from a portion of the income received by a customer by virtue of the acts performed by the entity; or

e. An attorney licensed to practice law in North Carolina acting solely within the scope of that person's professional license. (N.C. State Bar Attorney Listing <https://www.ncbar.gov/for-the-public/finding-a-lawyer/member-directory/> and the Attorney Referral Service <https://www.ncbar.gov/for-the-public/finding-a-lawyer/>)

Finding Legal Services

The North Carolina Secretary of State cannot provide legal services. If you need legal services relating to Invention Development, please consult your own attorney.

If you need assistance in locating a suitable attorney, consider contacting the Attorney Referral Service by phone—(800) 662-7660 in-state or (919) 677-8574 out-of-state or in the Raleigh area. The Attorney Referral Service is available online at <https://www.ncbar.gov/for-the-public/finding-a-lawyer/>.

There is no charge for receiving a referral from this Attorney Referral Service, but if calling from out of state, there is a toll charge for the long distance phone call. When calling the attorney you are referred to, most attorneys charge a \$30.00 fee, which entitles the caller to a 30 minute consultation with the attorney. Callers should clarify the consultation fee in advance with the attorney.

The Attorney Referral Service does not provide referrals to pro bono attorneys. For a referral to a pro bono program, please contact the Pro Bono Project of the North Carolina Bar Association at (800) 662-7407 or North Carolina Legal Aid at (919) 828-4647.

Frequently Asked Questions

The [Frequently Asked Questions](#) page has nine questions and answers about Invention Developer Services in North Carolina.

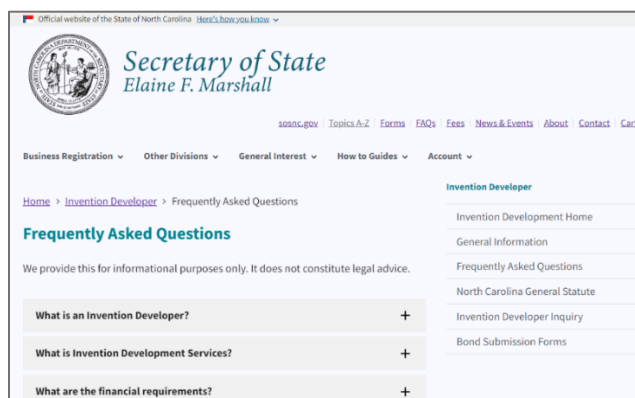


Figure 4. Frequently Asked Questions page

What is an Invention Developer?

An invention developer is an individual, firm, partnership, corporation, or an agent, employee, officer, partner, or independent contractor of one of those entities, that offers to perform or performs invention development services for a customer and that is not:

- A department or agency of the federal, state, or local government;
- A charitable, scientific, educational, religious, or other organization qualified under N.C.G.S. 105-130.9 or described in Section 170(b)(1)(A) of the Internal Revenue Code of 1986, as amended;
- A person registered before the United States Patent and Trademark Office acting solely within the scope of that person's professional license;
- A person, firm, corporation, association, or other entity that does not charge a fee, including reimbursement for expenditures made or costs incurred by the entity, for invention development services other than payment made from a portion of the income received by a customer by virtue of the acts performed by the entity; or
- An attorney licensed to practice law in North Carolina acting solely within the scope of that person's professional license.

What is Invention Development Services?

Invention Development Services means any act done by or for an invention developer for the procurement or attempted procurement by the invention developer of a license or buyer of an intellectual property right in an invention. The term includes the evaluation, perfecting, marketing, brokering, or promoting of an invention, a patent search, and preparation or prosecution of a patent application by a person not registered to practice before the United States Patent and Trademark Office.

What are the financial requirements?

Each invention developer doing business in this State as defined by the North Carolina General Statutes shall maintain a bond issued by a surety company authorized to do business in this State. The principal sum of the bond must be at least five percent (5%) of the invention developer's gross income from the invention development business in this State during the invention developer's last fiscal year or twenty-five thousand dollars (\$25,000), whichever is greater. The invention developer shall file a copy of the bond with the Secretary of State before the day on which the invention developer begins business in this State.

The invention developer shall have 90 days after the end of each fiscal year within which to change the bond as may be necessary to conform to the requirement. The bond required must be in favor of the State of North Carolina for the benefit of any person who, after entering into a contract for invention development services with an invention developer is damaged by fraud, dishonesty, or failure to provide the services of the invention developer in performance of the contract. Any person claiming against the bond may maintain an action at law against the

invention developer and surety. The aggregate liability of the surety to all persons for all breaches of conditions of the bond required is limited to the amount of the bond.

Is there an alternate method for securing protection of someone contracting with an invention developer?

Instead of furnishing the bond required, the invention developer may deposit with the Secretary of State a cash deposit equal to the amount of the bond required. The cash deposit may be satisfied by:

- Certificates of deposit payable to the Secretary of State issued by banks doing business in this State and insured by the Federal Deposit Insurance Corporation;
- Investment certificates of share accounts assigned to the Secretary of State and issued by a savings and loan association doing business in this State, and insured by the Federal Savings and Loan Insurance Corporation; or
- Cash deposit with the Secretary of State

Is there a form required to be submitted to the Secretary of State with the copy of the surety bond?

Yes, you may download a copy of the [Invention Developer Submission Form](#) at this link or from the [Invention Developers Services page](#). [Bond](#) and [certificate of deposit](#) forms are available here as well.

Is there a fee for supplying the copy of the bond?

No.

How and where can the copy of the bonds be submitted to the North Carolina Secretary of State's office?

You may submit a copy of the bond to the Secretary of State's Office by fax (919) 807-2010 or by mail PO Box 29622, Raleigh, NC 27626-0622 to the attention of "Invention Developer."

Where can I find the statutes governing the Invention Developer?

[North Carolina General Statutes Article 29 of Chapter 66](#) governs Invention Development Services.

How may I report an invention developer not in compliance with this statute?

Fill out and mail the [Invention Developer Inquiry Form](#) to: Secretary of State's Office by fax (919-807-2010) or by mailing to PO Box 29622, Raleigh, NC 27626-0622 to the Attention of Invention Developer.

Please note that office personnel cannot provide legal advice or counsel to the public.

For more information please contact the Invention Developer Liaison at:


Telephone	919-814-5400
Fax	919-807-2010
Email	blaws@sosnc.gov
US Postal Service	NC Department of the Secretary of State ATTN: Invention Developer PO Box 29622 Raleigh, NC 27626-0622
Hand Delivery or Delivery Service	NC Department of the Secretary of State ATTN: Invention Developer 2 South Salisbury Street Raleigh, NC 27601

North Carolina General Statute

The [North Carolina General Statute](#) page is the actual statute governing Invention Developers in North Carolina. [Chapter 66 - Article 29 \(ncleg.net\)](#)

Invention Developer Inquiry

The [Invention Developer Inquiry](#) page takes you to the [Invention Developer Inquiry.PDF \(sosnc.gov\)](#) form. This form is used to report an invention developer you believe to not be in compliance with N.C.G.S. §66-209 et seq (and the following).



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

Invention Developer Liaison
Betty Laws
Phone: (919) 814-5304
FAX: (919) 807-2010

Invention Developer Inquiry

Please utilize this form to report an invention developer you believe to be not in compliance with N.C.G.S. §66-209 et seq. Provide accurate contact information for yourself and the invention developer.

DATE:
Do you have an attorney representing you in this matter?(Please check one) ? Yes ? No
Your Name:
Name of Your Business:
Mailing Address:
Phone Number:
FAX Number:
Email:
Name of Invention Developer Personal Business:
Mailing Address:
Phone Number:

Figure 5. Invention Developer Inquiry

Bond Submission Forms

The Bond Submission Forms page has a downloadable PDF form for [Invention Development Submission](#), [Invention Developer Bond Form](#), and [Invention Developer Certificate of Deposit Form](#).

Home > [Invention Developer](#) > Forms

Forms

Updated Refund Policy

Refund requests must be made within 45 consecutive days of receipt of funds and will only issued for amounts over \$10.00.

Forms

- [Invention Development Submission](#)
- [Invention Developer Bond Form](#)
- [Invention Developer Certificate of Deposit Form](#)

Invention Developer

- [Invention Development Home](#)
- [General Information](#)
- [Frequently Asked Questions](#)
- [North Carolina General Statute](#)
- [Invention Developer Inquiry](#)
- [Bond Submission Forms](#)

Figure 6. Bond Submission Forms

What We Do

The What We Do section has a description of what the Invention Developer Services division does: *“Invention developers doing business in North Carolina are required to make specific disclosures and utilize statutory terms in their contracts with their clients. In addition, Invention Developers must maintain a bond issued by a surety company and file a copy of the bond with the Secretary of State before the invention developer begins business in North Carolina.”*

Contact Information Developer Services

Telephone

919-814-5305

Mailing Address

Post Office Box 29622
Raleigh, North Carolina 27626-0622

Physical Address

2 South Salisbury Street
Raleigh, North Carolina 27601-2903

Helpful Links for North Carolina Inventors

Basic Information for Inventors

[Invention & Entrepreneur Resources](#)

[Inventors Assistance Center | USPTO](#)

[United States Patent Office: About Us](#)

[Patent essentials | USPTO](#)

[North Carolina Secretary of State Frequently Asked Questions \(sosnc.gov\)](#)

[Search Business Registration \(sosnc.gov\)](#)

Protect Yourself

[Invention Promotion Scams | Consumer Advice \(ftc.gov\)](#)

[Protect Yourself Against Invention Promotion Scams \(uspto.gov\)](#)

[Search the BBB Directory | Better Business Bureau. Start with Trust[®]](#)

[Invention submission companies: Scams or valuable services? | LegalZoom](#)

Law

[2109-Inventorship \(uspto.gov\)](#) (Federal)

[Chapter 66 - Article 29 \(ncleg.net\)](#) (NC)