

**ASSEMBLY BILL**

**No. 2158**

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**Introduced by Assembly Member Buchanan**

February 20, 2014

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An act to amend Section 22370 of the Business and Professions Code, relating to business.

LEGISLATIVE COUNSEL'S DIGEST

AB 2158, as introduced, Buchanan. Invention development services contracts.

Existing law provides for the regulation of invention development services contracts and, among other things, requires that those contracts be in writing. Existing law declares the purpose of those provisions and states various findings regarding inventors.

This bill would make technical, nonsubstantive changes to that declaration and statement of findings.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 22370 of the Business and Professions
- 2 Code is amended to read:
- 3 22370. (a) The Legislature finds that, *in the State of California,*
- 4 ~~there are in the State of California~~ members of the general public
- 5 who have ideas or inventions that they believe have substantial
- 6 commercial value, but ~~which~~ *these* members of the general public
- 7 do not have the resources or expertise necessary to develop,
- 8 manufacture, or market these ideas or inventions; that these

1 members of the general public are commonly referred to as  
2 “inventors”; that these inventors are generally not people who earn  
3 their livelihood from developing, manufacturing, promoting, or  
4 marketing ideas or inventions, from manufacturing or marketing  
5 products, from publishing literary works or from owning, operating,  
6 or controlling commercial enterprises; that ~~their is~~ a significant  
7 number of persons ~~who~~ have realized that inventors are willing to  
8 expend substantial sums for services represented to result in the  
9 development, manufacture, promotion, sale, or general exploitation  
10 of the commercial value of their ideas or inventions; that these  
11 persons are frequently known as invention developers; that the  
12 invention developers’ services are generally offered for sums  
13 ranging from \$500 to \$5,000 plus either a percentage of the income  
14 that may be derived from the sale or marketing of the idea or  
15 invention or a partial ownership interest in the idea or invention;  
16 that the inventors generally have a very passive role in the  
17 development, promotion, manufacture, or sale of their ideas or  
18 inventions after the contract with the invention developer is  
19 executed, usually doing little more than receiving periodic reports  
20 from the invention developer; that an extremely small number of  
21 inventors to whom these invention developers offer their services  
22 ever have their products sold or marketed; that there exists, in  
23 connection with invention development services, sales practices  
24 and business methods which have worked a fraud, deceit,  
25 imposition, and financial hardship ~~upon~~ *on* many people of this  
26 state; that existing legal protection to consumers is inadequate to  
27 prevent these abuses; that the invention development industry has  
28 a significant impact ~~upon~~ *on* the economy and well-being of this  
29 state and its local communities; and that the provisions of this  
30 chapter relating to ~~such~~ *those* services are necessary for the public  
31 welfare.

32 (b) The Legislature declares that the purpose of this chapter is  
33 to safeguard the public against fraud, deceit, imposition, and  
34 financial hardship, and to foster and encourage competition, fair  
35 dealing, and prosperity in the field of invention development  
36 services by prohibiting or restricting false or misleading  
37 advertising, onerous contract terms, harmful financial practices,  
38 and other unfair, dishonest, deceptive, destructive, unscrupulous,  
39 fraudulent, and discriminatory practices by which the public has  
40 been injured in connection with invention development services

1 but not to interfere with, or further regulate by this chapter, those  
2 persons who provide researching, marketing, surveying, or other  
3 kinds of consulting services to professional manufacturers,  
4 marketers, publishers or others purchasing ~~such~~ *those* services as  
5 an adjunct to the traditional commercial enterprises in which they  
6 engage as a livelihood.

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