

# “A Swindling Concern”:

## The National Institute of Inventors, 1914-1925

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**Abstract**—In 1914, the National Institute of Inventors (NII) emerged as an organization dedicated to the “mutual aid, betterment, and protection” of America’s independent inventors. Unfortunately, the NII was a scam – its officers simply pocketed the membership dues, embezzling thousands of dollars from America’s unsuspecting inventors. The NII emerged at a time when independent inventors desperately wanted and needed professional organizations to provide the legal, financial, and marketing assistance necessary to develop their ideas. Unfortunately inventors’ eagerness to join such organizations also made them vulnerable to exploitation. The case of the NII underscores how independent inventors - unlike scientists and engineers - failed to maintain durable organizations that might have been effective advocates for an increasingly troubled profession.

**Keywords**—National Institute of Inventors; independent inventors; Orville Wright; Thomas Howard; National Research Council; United Inventors Association; professionalization

### I. INTRODUCTION

In 1914, the National Institute of Inventors (or NII) emerged as an organization dedicated to the “mutual aid, betterment, and protection” of America’s independent inventors. The organization was essentially a cooperative in which dues-paying members would receive impartial advice on their new ideas, legal aid for taking out and defending patents, and financial assistance for marketing their new inventions. The organization also promised to protect independent inventors from unscrupulous patent agents and predatory scams while lobbying Congress for reforms to the patent laws.

Unfortunately, the NII was a charade. Its founder, Thomas Howard, managed to convince famous inventors like Orville Wright and Guglielmo Marconi to join the NII as honorary members, which granted the fledgling organization an air of legitimacy. Then, trading on their name recognition, the NII convinced thousands of new members to join the organization. However, the NII provided none of the services it promised in its literature. Instead, Howard and the other officers simply pocketed the membership dues, embezzling thousands of dollars from America’s unsuspecting inventors. Eventually, investigations by the Department of Justice and Postal Service Inspector uncovered the fraud and shut down the Institute in 1925.

The National Institute of Inventors emerged (and dissolved) at a time when the scientific and engineering disciplines had already begun to form durable professional organizations, many of which, like the IEEE, are now over one hundred years old. However, the NII was just one of a half dozen failed attempts to form a national, professional organization of inventors in the early twentieth century. As such, the story of the National Institute of Inventors serves as a counterpoint to the traditional narrative of “successful” professionalization among various technical disciplines [1], [2], [3], [4], [5], [6].

In this paper, I will describe the founding of the National Institute of Inventors, its objectives, and purported services. Next, I will describe how the NII attracted suspicion and was eventually exposed as a fraud. Finally, I will outline some conclusions about the impact of this and other failed organizations for the community of independent inventors.

### II. FOUNDING, OBJECTIVES, AND PURPORTED SERVICES

The NII was organized in 1914 in the state of New York as a service organization for inventors. The Institute was the brainchild of Thomas Howard, a Brooklyn-based independent inventor who had previously worked in the early east coast motion picture industry [7], [8]. As Executive Chairman, Howard handled the day-to-day business of the Institute on behalf of the elected officers and members. The general membership was geographically and occupationally diverse, though hardly famous. Most of the members appeared to be independent inventors, small businessmen, or consulting engineers [9].

On the other hand, the Institute boasted several high-profile Honorary Members including submarine inventor Simon Lake, wireless pioneer Guglielmo Marconi, and airplane co-inventor Orville Wright. Much of what we know about the NII comes from Wright’s correspondence with the Institute and its inventor-members. Wright received his invitation to join the NII in a letter from Thomas Howard dated September 27, 1917 [10]. The unsuspecting Wright wrote back, accepted the honorary membership, and offered to “cooperate in any way” to advance the work of the organization [11].

Wright’s initial endorsement of the Institute reflected his belief in its seemingly noble aims, and the range of services it offered to its members. The Institute’s Constitution specified the creation of over twenty technical committees on subjects

like Mechanics, Electricity, Chemistry, and Mining. Each of the committees was staffed by five members tasked with remarking on the “practicability, marketability, adaptability and commercial value” of the ideas sent in by their fellow members. Then, if an invention showed merit, the Relief Committee could dispense up to \$250 to a worthy inventor for the further development of his idea. The NII also retained patent attorneys on staff, which members could consult at any time; the Institute covered the first \$25 worth of billable services, with members paying the balance [12].

The NII also promised to protect its members from exploitation. The Grievance Committee could use the Institute’s funds to aid members who had been defrauded by predatory “patent attorneys...promoters, or exploiters.” The Institute also kept a list of individuals, firms, and corporations who had been guilty of “vicious practices” and admonished new members to consult the institute “before doing business or paying money to those offering to sell your patent and who demand advance fees” [12, pp. 11-12], [13]. Executive Chairman Thomas Howard even boasted that the Institute helped put “six patent promoting concerns out of business” in 1918 by having the Post Office issue fraud orders [14]. Howard’s pride in protecting inventors from fraud would eventually become a source of bitter irony.

The goals for the organization were ambitious, but its fees were modest. There were several membership tiers, but at the most basic level inventors could join the NII for an initial entrance fee of \$25, with annual dues of \$5 [12, pp. 2-3]. Thus, on its face, the Institute seemed to have admirable goals and objectives.

### III. DRAWING ATTENTION: THE NATIONAL LABORATORY FOR INVENTION AND RESEARCH

The Institute began to draw the attention (and suspicions) of the wider scientific and inventive communities in 1918 when it embarked on a formal campaign to mobilize American inventors during World War I. On April 23, 1918, Howard sent a form letter to the NII’s members regarding a proposal to create a “National Laboratory for Invention and Research.” The “endowed institution” would be equipped with “a complete modern Research Laboratory, Machines Shops, [and] Research and Patent Library...with a suitable corps of engineers, chemists, and mechanics in charge.” The facilities would “be at the disposal of any and all inventors,” with oversight “vested in the leading inventors, engineers, financiers, and manufacturers of the country.” In exchange for providing technical assistance, the Laboratory proposed to help inventors market their wartime inventions and “take a return on its investment.” In addition, the proposed Laboratory would continue in peacetime to “help America, through invention, maintain supremacy in the commercial markets of the world after the war” [15]. A few weeks later, the Institute followed up with another circular, urging all members to donate \$100 to establish the endowment for the proposed laboratory [16].

Apparently, Howard’s form letters reached a very wide audience. Beginning in May 1918, Orville Wright began to receive dozens of letters from independent inventors who had noted his affiliation as an honorary member and were anxious

for his opinion of the Institute. For example, Omar M. Highley of Converse, Indiana granted that the Institute’s proposed lab could be of “inestimable value” to him and his fellow inventors, but his past experiences had taught him “not to be too ready to part with money under any circumstances” [17]. Wright replied that he was still not well acquainted with the Institute, but believed its purposes were noble. In fact, Wright expressed hope that the Institute would “develop into an organization that will be of much benefit to inventors” [18].

Later that month, Wright received a similar inquiry from Charles A. Munn, publisher of *Scientific American*. The magazine had received literature from the Institute in an attempt to gain its editorial endorsement, so Munn contacted Wright for his opinion. Munn himself had written to the Institute for information, which claimed to have 1800 dues-paying members, a source of considerable income. Munn and his magazine supported the concept of a national laboratory, but he believed emphatically that “such an Institute should be started by the Federal Government and not by some private and money-making enterprise.” Munn concluded that “To be perfectly frank, I have some grave doubts in regard to the work of that Society” [19].

### IV. FRAUD ALLEGED, WRIGHT RESIGNS

Before Wright could reply to Munn’s inquiry, he received a searing letter from California inventor Samuel Biddison. Biddison had traveled from Los Angeles to New York City to meet with the officers of the NII over plans to market one of his inventions. Biddison wrote:

“Dear Sir, I see you are a member of the National Institute of Inventors...I assume of course you are not aware that this is a swindling concern, composed of one Thomas Howard or Cohn [sic]...They are using your name with that of Marconi and Thomas A Edison to rake in the dollars...On the strength of some of the names on their literature I was induced to become a member and came here from California with a valuable patent. They tried to get it away from me for nothing, but failed. Mr. Edisons [sic] is not a member and was not aware his name was being used. Both the Department of Justice and the Attorney General are after them and they are liable to be locked up any day. As soon as I saw the bunch...I demanded my name be stricken from their books. You may not thank me for this information, but it costs you nothing. I am doing as I would wish to be done by.

Yours very truly

[Signed] Samuel Biddison” [20].

Exactly how Biddison came into this information is unclear, but he had accurately surmised several aspects of the situation. Howard himself admitted in the Institute’s 1919 annual report that the NII was under investigation by the Department of Justice. According to Howard, several disreputable and vengeful patent promoters had made the spurious charges after the Institute tried to shut them down. In addition, Howard admitted that some jilted, “ill-advised members” had become

upset and charged fraud after the Institute passed unfavorably on their ideas [14, pp. 5, 19-20].

Wright had heard enough. On July 13, 1918, he sent out several letters. First, he resigned from the National Institute of Inventors and asked that his name be stricken from all official and promotional literature [21]. He also sent several follow-up letters to inventors who had written him, reversing his earlier endorsement of the NII. For example, Wright told P. M. Beard of Hardinburg, Kentucky, that “at the time I received your letter of May 16<sup>th</sup> I thought the National Institute of Inventors was all right. But since that time my investigations lead me to advise you not to pay any money until further investigations have been made” [22]. Wright also replied to Charles Munn, editor of *Scientific American* and stated his belief that “the organization is being run for the purpose of making money, or that it is drifting away from the worthy purposes for which it was supposed to be organized” [23]. Munn’s subsequent reply noted the dozens of services ostensibly offered by the Institute and remarked that “it does not appear creditable that they could carry on the enormous work which their pretentious literature sets forth.” Rather, Munn believed that “poor inventors are led to part with funds amounting to \$5.00 or \$10.00, as the case may be, for which they are receiving absolutely no return.” Munn concluded that “the whole enterprise would appear to be a fraud upon the public” and that “some steps should be taken to prevent a continuance of this condition” [24].

A few months later, Wright received a letter from Post Office Inspector Nathan Noile who cited “numerous complaints against the National Institute of Inventors.” Noile asked for Wright’s cooperation in an ongoing investigation – the same investigation mentioned in Samuel Biddison’s inflammatory letter and acknowledged by Howard [25]. Wright sent Noile copies of all of his correspondence with the Institute, Charles Munn, and several inquiring inventors [26].

## V. THE NATIONAL RESEARCH COUNCIL INVESTIGATES THE INSTITUTE

Meanwhile, members of the scientific establishment were also becoming aware of the Institute. Howard’s letter-writing campaign on behalf of his proposed wartime laboratory had reached several members of the National Research Council (NRC). Those members queried the NRC’s officers about the legitimacy of the Institute, prompting them to launch their own investigation. Accordingly, John Johnston, the NRC’s executive secretary, paid a visit to Thomas Howard and his associates at the Institute offices in New York City. Johnston’s report suggests that Howard and his associates were apparently sincere, but unsophisticated and not entirely trustworthy. He urged caution:

“...it is our impression that they were honest but not quite the kind of people we should like to see in charge of their so-called ‘National Laboratory for Invention and Research.’...I am led to believe the institute is accomplishing something in helping inventors; for instance, in advising them where to get models of their inventions made. But I fear that their ideas on research are not very practicable...Owing to these facts, we feel very doubtful about offering them much support at present...They imply that they have funds for such a

laboratory, but I think the truth is that they hope by getting a large number of important names together to use that as a basis for securing funds” [27].

Johnston also contacted Proudfoot’s Commercial Agency, a private investigator in New York City, to learn more about Howard and his associates. The news was not good. Due to other complaints, the Proudfoot Agency had already begun investigating Howard starting in 1914 and they forwarded two reports to the NRC. In the first report, dated October 6, 1917, the agency attempted to verify certain claims from the Institute’s literature. They contacted several of the persons listed as members of the Institute’s technical committees and found that “some of them expressed surprise at seeing their names used...One patent attorney, who is given as Chairman of one of the committees, did not know that he had ever been ‘elected’ to that position.” The report concluded that “in the final analysis, we believe Howard simply started this proposition for the purpose of making an easy living for himself. It should be given a wide berth” [28].

A second report, dated January 5, 1920, was similarly damning. This new report focused on the proposed National Laboratory for Invention and Research, specifically a fundraising banquet to be held just days later at the Hotel Astor on January 9. The Proudfoot Agency learned that Howard had arranged with the hotel to accommodate 600 guests, but just days before the banquet “no deposit had been made” for a dinner that would cost around \$1800. Thus, the agency doubted whether the event would even take place. Furthermore, the agency believed that “after the banquet and convention we expect that Howard will get busy in an endeavor to separate the public from its money to erect this ‘wonderful’ foundation and endow it. Our opinion is of course that this Foundation will never be built.” Again, the Proudfoot Agency recommended that Howard should be given a “wide berth,” and speculated that “if he continues he is likely some day to get into serious trouble with the authorities” [29].

## VI. HOWARD DIES, THE NII DISSOLVES

Of course, that is exactly what happened. Orville Wright and the National Research Council stayed away from the National Institute of Inventors, but Howard’s organization continued to operate for another two years. Then, on June 11, 1922, the *New York Times* reported Howard’s sudden death at age 49 [7]. By October, the *Times* reported on court proceedings regarding Howard’s contested estate. Howard had filed for bankruptcy in June 1920, and an investigation performed on behalf of the creditors revealed several unsavory details of his fraudulent activities. As inventor Samuel Biddison had suggested to Orville Wright in 1918, Howard and his wife Rose had indeed been engaged in the real estate business operating under the name R.H. Cohen and Co., and Howard – as Henry Cohen – had twice been convicted of felonies in Pennsylvania. Further, the story alleged that Howard, as Executive Chairman of the National Institute of Inventors, “controlled the funds of the organization” and that “large sums of money were drawn from the bank deposits of said corporation and turned over to said Rose Howard for deposit on her own account in fraud of the rights of the members of said corporation.” The charge estimated that

Howard had embezzled “between \$50,000 and \$100,000” of the members’ money, “for which he gave no true accounting” [8].

Three years later, in 1925, Wright received a follow-up letter from Postal Inspectors R. P. Allen and F. D. Boyle. They reported that federal fraud indictments had been brought against Howard, but were dismissed in 1923 after his death. However, the Postal Inspector had succeeded in officially putting the Institute out of business by having the New York State Supreme Court dissolve its articles of incorporation [30]. Altogether, the National Institute of Inventors had been in operation for only about ten years.

There is a brief coda to this story. Recall that Orville Wright responded to several of his earlier correspondents to revoke his earlier endorsement of the National Institute of Inventors. In a reply, inventor R. A. Summers of Visalia, California lamented that “it seems like we never will accomplish anything toward an organization of inventors. There is the Inventors Exchange at Los Angeles, Cal - it got into a gang of crooks and busted up. There was the Inventors League Chicago – gone like the rest of the protectives to Hell I guess. It’s getting so the poor inventor cannot trust any one at all” [31]. Summers’s brief statement captures some important themes and provides a convenient segue into some tentative conclusions.

## VII. CONCLUSION

So what can we learn from the case of the National Institute of Inventors? First, this case reinforces the idea that innovation is an inherently social process. As Summers suggested, independent inventors wanted and needed organizations like the NII to provide the legal, financial, and marketing assistance necessary to develop their ideas, and were extremely disillusioned when they dissolved. Unfortunately, their eagerness to find helpful collaborators made them vulnerable to exploitation, and again, as Summers suggests, this type of corruption was widespread. In fact, the NII was able to attract new victims, in part, by promising to protect them from scams.

Second, the story of the National Institute of Inventors serves as a counterpoint to the standard narrative of “successful” professionalization in unified, national societies by various technical disciplines [1], [2], [3], [4], [5], [6]. Instead, this case underscores the ephemeral and increasingly local nature of inventors’ societies.

The NII was not the first or last attempt to organize a national, professional organization for inventors in the twentieth century. For example, earlier attempts to form a national inventors’ organization included the American Association of Inventors and Manufacturers (approx. 1891-1902) and the Inventors Guild (approx. 1910-1920); later attempts included American Inventors Association (approx. 1928-?), the National Inventors Congress (approx. 1928-1940), and the United Inventors and Scientists of America (approx. 1939-1974). However, nearly all such attempts were short-lived and ended in failure [32].

The result was extreme fragmentation and the proliferation of local groups in places like Los Angeles and Chicago, which

as Summers noted, often ended in failure as well. Thus, instead of forming a single, national organization, independent inventors continued to establish dozens of local and regional clubs. Today, the closest thing to a national group is the United Inventors Association, founded in 1990, but this is really just a federation, “formed as a national umbrella organization for local inventor organizations around the country” [33]. Thus, as we celebrate the 125<sup>th</sup> anniversary of the IEEE and the accomplishments of other longstanding technical societies, this case illustrates that not all technical disciplines have been amenable to traditional professionalization [34], [35].

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