Original filed (1 copy)

One copy forwarded to Examiner



9700079-7

# DISTRIBUTION METHOD

The present invention relates to a distribution method. The method is particularly useful in relation to distribution of consumer products and profits made on those products, and it will therefore be convenient to describe the method in relation to such a distribution application. It should be understood however that the method is intended for more general application and use.

Traditionally, when a customer purchases a product, he/she will pay the company for the product at a certain price. That is all. The customer does not receive anything else, other than perhaps a lucky draw in a competition on a rare occasion.

The present invention, on the other hand, provides a method by which profits of the company may be shared with its customers.

The present invention provides a distribution method including:

providing for X levels of customers, wherein a top level of said X levels contains only one customer;

wherein a customer at the $X^{th}$ level may provide a further customer with a first option;

wherein the first option may be taken by meeting at least one condition;

wherein, on meeting the one condition, the further customer receives a number of second options;

wherein a said second option may be taken by introducing an additional customer;

wherein, upon the second option being taken by the further customer, the top level customer is removed and the further customer becomes a member of the $X^{th}$ level;

wherein the further customer, by taking the first option, derives a first benefit and, by taking both options, derives a future second benefit in addition to the first benefit.

In one embodiment the first option includes an opportunity to purchase a product. Preferably the providing of the first option by the $X^{th}$ level customer to the further customer includes providing a purchase order form to the further

customer. The purchase order form may identify the customers at each level of the X levels. Preferably the taking of the first option includes purchasing the product using the purchase order form supplied by the $X^{th}$ level customer. The first benefit may include receiving the product.

In one embodiment the at least one condition may include payment of funds to at least one nominated recipient. The payment may be made by depositing funds to a bank account of the or each recipient. A first recipient may be a distributor of the product and a second recipient may be the top level customer. In this way, the top level customer shares in the profits of products sold.

In one embodiment the payments may be facilitated by a coordinating center. The coordinating center may be independent or may be a part of the distributing company.

In one embodiment each second option includes an opportunity to share profits of future product purchases. Preferably the receiving of the number of second options by the further customer includes receiving a corresponding number of revised purchase order forms.

The introducing of the additional customer by the further customer may include providing the additional customer with a first option like that previously provided to the further customer. The first option may be an opportunity to purchase a product. Providing the like first option to the additional customer may include providing a revised purchase order form to the additional customer.

Upon the first like option being taken by the additional customer, the additional customer may receive a number of second options like those previously provided to the further customer. The like second options may be taken by introducing subsequent customers. Upon the like second option being taken, the top level customer may be removed, the further customer may be elevated to a higher level and the additional customer may become a member of the $X^{th}$ level.

Introduction of subsequent customers may be repeated such that the first customer eventually becomes elevated to the top level. Upon reaching the top level, the further customer becomes a nominated recipient and receives

payments from each subsequent customer then being introduced. In this way, the further customer shares in the profits of products sold.

The number of levels X is preferably 3, 5, 7 or 9. However, any number of levels may alternatively be employed.

In one embodiment, the taking of the first option includes a requirement that a contribution be made to a charity organization.

In a particularly preferred embodiment the method may provide a profit sharing scheme. In such a scheme profits may be shared with customers if they meet two requirements. First, the customer must purchase a product from the distribution company and, second, he/she must introduce or recommend new customers to purchase products from the company. Having met these requirements, the customer may join a scheme having a predetermined number of customer levels. The customer progresses to a higher level with each subsequent customer being introduced to the scheme. Once the customer reaches the top level he/she receives a share of profits obtained from each subsequent customer then purchasing products from the company.

In this embodiment, the first option for a consumer is whether or not to purchase a product from the company. The second option is whether or not to take part in the profit sharing scheme. The second option is presented to the consumer only after he/she has purchased a product from the company.

Preferably, purchases from the company may only be made using a purchase order form. The purchase order form would generally be obtained from a friend or relative who is already a participant of the scheme.

A typical scheme would require no membership fees to be paid, only a purchase of a product. Customers would not be allowed to resell products which they have purchased and they would not be authorised sales representatives of the company.

When a customer receives the product(s) they ordered, they may also receive a number of purchase order forms, so that they can choose whether or not to participate in the profit sharing scheme. A receipt may also be issued to the customer showing the payment made for purchase of the product(s).

In one embodiment all customers receive four purchase order forms. However, any alternative number of forms may be used, as long as the same number is given to all customers. This is so that every customer will receive the same profit sharing opportunity.

If a customer wishes to take part in the profit sharing scheme he/she may introduce new customers to the company. In other words, the existing customer must recommend that the person purchase the company's products, and that person must act on that recommendation using a purchase order form obtained from the existing customer.

Alternatively, if the customer does not want to participate in the profit sharing scheme he/she can simply ignore the purchase order forms which were received, and not introduce new customers to the company.

If a new customer wishes to take part in the profit sharing scheme, the following procedures may be employed to confirm participation:

1) Customer obtains a purchase order form (POF) and fills in all particulars required for the processing of the order.
2) Customer completes a bank deposit slip to deposit a first amount to the Top Customer, for his/her share of the profit.
3) Customer completes another bank deposit slip to deposit a second amount to the Company for the purchase of the product.
4) Customer submits to the Company, or to a Coordinating Center, the original documents from steps 1, 2 and 3 for processing of the order.
5) The Customer may begin qualifying for profit sharing by recommending to their friends and relatives that they buy the Company's products, using the purchase order forms which are supplied to the customer with their ordered goods.

For security reasons, the scheme preferably employs a direct banking system, as described in the above procedure. Since the Company does not handle the share of the profits which belongs to the customers, there is no risk that customers will be cheated out of their profit share.

A purchase order form is preferably used as the means for placing orders

for products, however, other alternatives may be employed. The purchase order form may identify the customers at each level and details for the Top Customer may appear on the form.

The profit sharing scheme may be classified into a number of categories, each category having a different number of levels. Preferably, there are four categories and, for convenience, these may be called categories A, B, C and D. The categories may be as follows:

1) Category D : 3 levels of customers.
2) Category C : 5 levels of customers.
3) Category B : 7 levels of customers.
4) Category A : 9 levels of customers.

The number of levels determines the number of customers in the queue to receive a profit share. Those who wish to receive a profit share earlier can opt for a shorter queue and consequently receive less money. Those who opt for a longer queue will receive a much higher profit.

For example, a customer purchasing a product for $98.00 would deposit $38.00 to an account for the Top Customer and $60.00 to an account for the Company. Once the customer advances to the level of the Top Customer, he/she will receive the following profit shares when new customers each deposit $38.00 directly to their bank account upon purchasing the Company's product (based on four purchase order forms per customer):

1) Category D : $2,432.00 ie. 64 new customers (level 4)
   each deposit $38.00
2) Category C : $38,912.00 ie. 1024 new customers (level 6)
   each deposit $38.00
3) Category B : $662,592.00 ie. 16,384 new customers (level 8)
   each deposit $38.00
4) Category A : $9,961,472.00 ie. 262,144 new customers (level 10)
   each deposit $38.00

It will be convenient to hereinafter describe the invention by reference to the accompanying drawings which illustrate preferred embodiments of the

invention. Other embodiments of the invention are possible, and consequently the particularity of the accompanying drawings is not to be understood as superseding the generality of the preceding description of the invention.

In the drawings:

Figure 1 illustrates a profit sharing arrangement for a 3 level scheme, described above as Category D.

Figure 2 illustrates a profit sharing arrangement for a 5 level scheme, described above as Category C.

Figure 3 illustrates a profit sharing arrangement for a 7 level scheme, described above as Category B.

Figure 4 illustrates a profit sharing arrangement for a 9 level scheme, described above as Category A.

## CATEGORY D

Referring now to Figure 1, there is illustrated a preferred embodiment of the distribution method of the invention being used as a profit sharing scheme. The scheme has 3 levels, corresponding to Category D described above. A customer "D" purchases a product for $98.00, depositing $38.00 to the bank account of the Top Customer and $60.00 to the bank account of the Company.

## STANDARD OPERATING PROCEDURE

PRIORITY OF LINE-UP

Category D consists of 3 Levels of Customers.

Priority of line-up is:

1) Top Customer (A for example).

2) Customer 2 (B for example).

3) Customer 3 (C for example).

The name, bank, and account number of the Top Customer (A) appears in big print on the top of a Customer list on the front side of the Purchase Order Form.

Customer 3 (C) is the person who recommends a New Customer (D for example) through a Purchase Order Form (POF). The name of Customer 3 (C)

appears on the front side of the Purchase Order Form at the bottom of the list of Customers.

A New Customer (D) who wishes to purchase the product can only do so via the Purchase Order Form by following these procedures:

PAYMENT

1) Deposit $60.00 to the bank account of the Company, for the purchase of the product.
2) Deposit $38.00 to the bank account of the Top Customer (A).

SUBMISSION

Submit to the Office of the Company or to the Coordinating Center the original copy of the following documents to confirm participation:

1) Filled-in Purchase Order Form.
2) Bank deposit slip to the Company.
3) Bank deposit slip to the Top Customer (A).

CHARITY CONTRIBUTION

All submissions of Purchase Orders must be accompanied with an official receipt for charity contribution, which is a standard requirement.

DOCUMENTATION PROCESS

Upon approval of application, the Company will issue the New Customer (D) with 3 Purchase Order Forms with his/her name appearing on the bottom of the list of Customers on the front side of the POFs.

ADVANCEMENT OF PRIORITY

Previous Customer 2 (B) had advanced to the Top Customer position.

Customer 3 (C) who recommended the New Customer (D) will advance to the position of Customer 2.

The New Customer (D) is now on the Customer 3 position.

BONUS PURCHASE ORDER FORM

Customers who have activated the 3 Purchase Order Forms will receive a bonus Purchase Order Form, FREE!

INVESTMENT

An initial investment of $98.00 to purchase the Company's product(s) ($60.00 to the Company and $38.00 to the Top Customer) would confirm the New Customer's participation in this Scheme.

Every investment of $98.00 will entitle the investor to the Company's product(s) together with 3 + 1 Purchase Order Forms, which upon activating will allow the investor to share a profit of $2,334.00 ($2,432.00 less $98.00 investment).

ADVANCEMENT OF PRIORITY FOR NEW CUSTOMER D

i) The list of customers appearing on the Purchase Order Forms (POF's) for Customer 3 (C) is as follows:

1) AAAA
2) BBBB
3) CCCC

Customer 3 (C) recommends a New Customer (D).
D obtains a POF from C.
D deposits $38.00 to the bank account of A, the Top Customer.
D deposits $60.00 to the bank account of the Company.
Customer 2 (B) will advance to the Top Customer position.
Customer 3 (C) will advance to the position of Customer 2.
New Customer (D) will now be on the Customer 3 position.

ii) The list of customers appearing on the POF's for Customer 3 (D) is as follows:

1) BBBB
2) CCCC
3) DDDD

Customer 3 (D) recommends a New Customer (E).
E obtains a POF from D.
E deposits $38.00 to the bank account of B, the Top Customer.
E deposits $60.00 to the bank account of the Company.
Customer 2 (C) will advance to the Top Customer position.
Customer 3 (D) will advance to the position of Customer 2.
New Customer (E) will now be on the Customer 3 position.

iii) The list of customers appearing on the POF's for Customer 3 (E) is as follows:

1) CCCC
2) DDDD
3) EEEE

Customer 3 (E) recommends a New Customer (F).
F obtains a POF from E.
E deposits $38.00 to the bank account of C, the Top Customer.
E deposits $60.00 to the bank account of the Company.
Customer 2 (D) will advance to the Top Customer position.
Customer 3 (E) will advance to the position of Customer 2.
New Customer (F) will now be on the Customer 3 position.

iv) Top customer (D) will start receiving a profit share when Customer 3 (F) recommends New Customer (G), who will contribute $38.00 to the Top Customer. The list of customers appearing on the POF's for Customer 3 (F) is as follows:

1) DDDD
2) EEEE
3) FFFF

Customer 3 (F) recommends New Customer (G).
G obtains a POF from F.
G deposits $38.00 to the bank account of D, the Top Customer.
G deposits $60.00 to the bank account of the Company.

The procedure continues to repeat as each new customer is introduced to the scheme. Each customer in turn receives a profit share when he/she reaches to Top Customer position. After receiving his/her profit share the customer drops out of the scheme.

PROFIT SHARING

Customer D, when arriving at the Top Customer position, will start receiving his/her share of the profit when 64 Customers at Level 4 contribute the Company's profits of $38.00 to the Top Customer for their participation in this program.

Therefore, every investment of $98.00 will entitle the Customer to a share of the Company's profit of $2,334.00 ($2,432 less $98.00 for the purchase of the product[s]).

CATEGORY C

Figure 2 illustrates a 5 level profit sharing scheme corresponding to Category C described above. A customer "F" purchases a $98.00 product,

depositing $38.00 to the Top Customer and $60.00 to the Company, following similar operating procedures as described in the Category D example above.

PRIORITY OF LINE-UP

Category C consists of 5 Levels of Customers.

Priority of line-up is:

1) Top Customer (A for example).
2) Customer 2 (B for example).
3) Customer 3 (C for example).
4) Customer 4 (D for example).
5) Customer 5 (E for example).

The name, bank and account number of the Top Customer (A) appears in big print on the top of the Customer list on the front side of the Purchase Order Form.

Customer 5 (E) is the person who recommends a New Customer (F for example) through the Purchase Order Form (POF). The name of Customer 5 (E) appears on the front side of the Purchase Order Form at the bottom of the list of Customers.

A New Customer (F) wishes to purchase the product.

ADVANCEMENT OF PRIORITY FOR NEW CUSTOMER F

i) The list of customers appearing on the Purchase Order Forms (POF's) for Customer 5(E) is as follows:

1) AAAA
2) BBBB
3) CCCC
4) DDDD
5) EEEE

Customer 5 (E) recommends a New Customer (F).

F obtains a POF from E.

E deposits $38.00 to the bank account of A, the Top Customer.
E deposits $60.00 to the bank account of the Company.
Customer 5 (E) will advance to the position of Customer 4.
New Customer (F) will now be on the Customer 5 position.

ii) The list of customers appearing on the POF's for Customer 5 (F) is as follows:

1) BBBB
2) CCCC
3) DDDD
4) EEEE
5) FFFF

Customer 5 (F) recommends a New Customer (G).
G obtains a POF from F.
G deposits $38.00 to the bank account of B, the Top Customer.
G deposits $60.00 to the bank account of the Company.
Customer 4 (E) will advance to the position of Customer 3.
Customer 5 (F) will advance to the position of Customer 4.
New Customer (G) will now be on the Customer 5 position.

iii) The list of customers appearing on the POF's for Customer 5 (G) is as follows:

1) CCCC
2) DDDD
3) EEEE
4) FFFF
5) GGGG

Customer 5 (G) recommends a New Customer (H).

H obtains a POF from G.

H deposits $38.00 to the bank account of C, the Top Customer.

H deposits $60.00 to the bank account of the Company.

Customer 3 (E) will advance to the position of Customer 2.

Customer 4 (F) will advance to the position of Customer 3.

Customer 5 (G) will advance to the position of Customer 4.

New Customer (H) will now be on the Customer 5 position.

iv) The list of customers appearing on the POF's for Customer 5 (H) is as follows:

1) DDDD
2) EEEE
3) FFFF
4) GGGG
5) HHHH

Customer 5 (H) recommends a New Customer (I).

I obtains a POF from H.

I deposits $38.00 to the bank account of D, the Top Customer.

I deposits $60.00 to the bank account of the Company.

Customer 2 (E) will advance to the Top Customer position.

Customer 3 (F) will advance to the position of Customer 2.

Customer 4 (G) will advance to the position of Customer 3.

Customer 5 (H) will advance to the position of Customer 4.

New Customer (I) will now be on the Customer 5 position.

v) The list of customers appearing on the POF's for Customer 5 (I) is as follows:

1) EEEE
2) FFFF
3) GGGG
4) HHHH
5) IIII

Customer 5 (I) recommends a New Customer (J).
J obtains a POF from I.
J deposits $38.00 to the bank account of E, the Top Customer.
J deposits $60.00 to the bank account of the Company.
Customer 2 (F) will advance to the Top Customer position.
Customer 3 (G) will advance to the position of Customer 2.
Customer 4 (H) will advance to the position of Customer 3.
Customer 5 (I) will advance to the position of Customer 4.
New Customer (J) will now be on the Customer 5 position.

vi) Top Customer (F) will start receiving a profit share when Customer 5 (J) recommends New Customer (K), who will contribute $38.00 to the Top Customer. The list of customers appearing on the POF's for Customer 5 (J) is as follows:

1) FFFF
2) GGGG
3) HHHH
4) IIII
5) JJJJ

Customer 5(J) recommends New Customer (K).

K obtains a POF from J.
K deposits $38.00 to the bank account of F, the Top Customer.

K deposits $60.00 to the bank account of the Company.

The procedure continues to repeat as each new customer is introduced to the scheme. Each customer in turn receives a profit share when he/she reaches to the Top Customer position. After receiving his/her profit share the customer drops out of the scheme.

PROFIT SHARING

Customer F, when arriving at the Top Customer position, will start receiving his/her share of the profit when 1,024 Customers at Level 6 contribute the Top Customer for their participation in this program.

Therefore, every investment of $98.00 will entitle the Customer to a profit share of $38,814.00 ($38,912.00 less $98.00).

## CATEGORY B

Figure 3 illustrates a 7 level profit sharing scheme corresponding to Category B described above. The operating procedures are similar to those for Categories C and D.

PRIORITY OF LINE-UP

Category B consists of 7 Levels of Customers.

Priority of line-up is:

1) Top Customer (A for example).
2) Customer 2 (B for example).
3) Customer 3 (C for example).
4) Customer 4 (D for example).
5) Customer 5 (E for example).
6) Customer 6 (F for example).
7) Customer 7 (G for example).

Customer 7 (G) is the person who recommends a New Customer (H for example) through the Purchase Order Form (POF).

New Customer (H) wishes to purchase the product.

PROFIT SHARING

Customer H, when arriving at the Top Customer position, will start receiving his/her share of the profit when 16,384 Customers at Level 8 contributes to the Top Customer for their participation in this program.

Therefore, every investment of $98.00 will entitle the Customer to a profit share of $622,494.00 ($622,592.00 less $98.00).

CATEGORY A

Figure 4 illustrates a 9 level profit sharing scheme corresponding to Category A described above. The operating procedures are similar to those for Categories B, C and D.

PRIORITY OF LINE-UP

Category A consists of 9 Levels of Customers.

Priority of line-up is:

1) Top Customer (A for example).
2) Customer 2 (B for example).
3) Customer 3 (C for example).
4) Customer 4 (D for example).
5) Customer 5 (E for example).
6) Customer 6 (F for example).
7) Customer 7 (G for example).
8) Customer 8 (H for example).
9) Customer 9 (I for example).

Customer 9 (I) is the person who recommends a New Customer (J for example) through the Purchase Order Form (POF).

New Customer (J) wishes to purchase the product.

PROFIT SHARING

Customer J, when arriving at the Top Customer position, will start receiving his/her share of the profit when 262,144 Customers at Level 10 contribute to the Top Customer for their participation in this program.

Therefore, every investment of $98.00 will entitle the Customer to a profit share of $9.961,374.00 ($9,961,472.00 less $98.00).

Those skilled in the art will appreciate that various adaptations and modifications of the just-described preferred embodiment may be made without departing from the scope and spirit of the invention. Therefore, it is to be understood that, within the scope of the appended claims, the invention may be practiced other than as specifically described herein.




CLAIMS

1. A distribution method including:

providing for X levels of customers, wherein a top level of said X levels contains only one customer;

wherein a customer at the $X^{th}$ level may provide a further customer with a first option;

wherein the first option may be taken by meeting at least one condition;

wherein, on meeting the one condition, the further customer receives a number of second options;

wherein a said second option may be taken by introducing an additional customer;

wherein, upon the second option being taken by the further customer, the top level customer is removed and the further customer becomes a member of the $X^{th}$ level;

wherein the further customer, by taking the first option, derives a first benefit and, by taking both options, derives a future second benefit in addition to the first benefit.

2. A distribution method as defined in claim 1 wherein the first option includes an opportunity to purchase a product.

3. A distribution method as defined in claim 2 wherein the providing of the first option by the $X^{th}$ level customer to the further customer includes providing a purchase order form to the further customer.

4. A distribution method as defined in claim 3 wherein the purchase order form identifies the customers at each level of the X levels.

5. A distribution method as defined in claim 4 wherein the taking of the first option includes purchasing the product using the purchase order form and

* C L M S *

wherein the first benefit includes receiving the product.

6. A distribution method as defined in claim 5 wherein the at least one condition includes payment of funds to at least one nominated recipient.

7. A distribution method as defined in claim 6 wherein the payment includes depositing funds to a bank account of the or each recipient.

8. A distribution method as defined in claim 7 wherein a first said recipient is a distributor of the product.

9. A distribution method as defined in claim 8 wherein a second said recipient is the top level customer.

10. A distribution method as defined in any one of claims 6 to 9 wherein the payment is facilitated by a coordinating center.

11. A distribution method as defined in any one of claims 2 to 10 wherein each second option includes an opportunity to share profits of future product purchases.

12. A distribution method as defined in claim 11 wherein the receiving of the number of second options by the further customer includes receiving a corresponding number of revised purchase order forms.

13. A distribution method as defined in claim 12 wherein the introducing of the additional customer includes providing the additional customer with a like first option.

14. A distribution method as defined in claim 13 wherein providing the like first option to the additional customer includes providing a said revised purchase

* C L M S *

order form.

15. A distribution method as defined in claim 13 or 14 wherein, upon the first like option being taken by the additional customer, the additional customer receives a number of like second options and wherein the like second options may be taken by introducing subsequent customers.

16. A distribution method as defined in claim 15 wherein, upon the like second option being taken by the additional customer, the top level customer is removed, the further customer is elevated to a higher level and the additional customer becomes a member of the $X^{th}$ level.

17. A distribution method as defined in claim 16 wherein the introduction of subsequent customers is repeated such that the first customer becomes elevated to the top level.

18. A distribution method as defined in claim 17 wherein, upon reaching the top level, the further customer becomes a nominated recipient and receives payments from each subsequent customer then being introduced.

19. A distribution method as defined in any one of claims 1-18 wherein X = 3.

20. A distribution method as defined in any one of claims 1-18 wherein X = 5.

21. A distribution method as defined in any one of claims 1-18 wherein X = 7.

22. A distribution method as defined in any one of claims 1-18 wherein X = 9.

23. A distribution method as defined in any one of the previous claims wherein the taking of the first option includes a requirement that a contribution be made to a charity organisation.

24. A distribution method substantially herein described with reference to any one of the embodiments illustrated in the accompanying drawings.