PATENT, TRADE SECRET, TRADEMARK LICENSING

Fall 2000

Class Problem

(35% of Grade)

(Due Date: 11/16/00)

An actual Know-how/Trade Secret Agreement — in letter-agreement form — is attached. It was prepared by business/technical people without consultation with patent counsel. It is woefully inadequate. First of all, it has no confidentiality provisions. Secondly, it was meant to be exclusive. Thirdly, it doesn't cover third-party patent issuance and domination, which already was known to patent counsel as being a distinct possibility. (In this regard, note the bridging sentence of columns 1 and 2 on page 170 of the Course Materials.) And there are other problems and shortcomings. Please draft this agreement as it should have been — in not more than about five pages.

Nota bene:
Please turn this problem in to the Registrar with your Examination Number and before 4PM of the Due Date.

KFJ/Ruh/Attachment

351 EAST OHIO STREET, CHICAGO, ILLINOIS 60611 • (312) 828-9600

MICHIGAN CHEMICAL CORPORATION

January 24, 1975

Mr. Al F. Jarossy
Technical Service Manager
Ciba-Geigy Corporation
Saw Mill River Parkway
Ardsley, New York 10502

Dear Al:

We have reviewed the counter proposal to my December 16, 1974 memo made by you and Ralph Miller on January 20 and find the terms acceptable. I have summarized our understanding below:

1. Michigan believes that it has developed a process for converting 4-chloro-n-butyronitrile to cyclopropylnitrile.

2. The process developed by Michigan does not utilize sodium methoxide as the reagent for cyclization.

3. The cost of the reagent used in the Michigan process is substantially less than the current cost of sodium methoxide.

4. The conversion of chlorobutyronitrile to cyclopropylnitrile by the Michigan process is equivalent to the conversion obtained by Michigan when practicing the sodium methoxide process disclosed to Michigan by Ciba-Geigy on a laboratory scale. The Michigan process has not been practiced on a commercial scale. Therefore, Michigan warrants its results are valid on a laboratory scale only.

5. Michigan will have no responsibility for the suitability of the process or the infringement of the interests of others and Ciba-Geigy shall hold Michigan harmless from any such liability.

In return for Michigan's disclosing to Ciba-Geigy the details of the Michigan process, Ciba-Geigy will:

1. Pay Michigan $10,000.00.

2. If the Michigan process is practiced by Ciba-Geigy to manufacture CPN, Ciba-Geigy will manufacture the first 500,000 pounds without paying Michigan a license fee. After the first 500,000 pounds are

manufactured, Ciba-Geigy will pay Michigan a royalty of $0.02 per pound of CPN produced until 10,000,000 pounds have been produced. At that time, Ciba-Geigy is granted a paid-up license to utilize the Michigan technology.

If so requested, Michigan will demostrate the operation of the process to Ciba-Geigy representatives on a laboratory scale in the Michigan research laboratory at St. Louis, Michigan.

Please indicate your acceptance of this agreement by signing and returning the duplicate original of this letter to us.

Very truly yours,

MICHIGAN CHEMICAL CORPORATION

By: T. A. Girard

T. A. Girard
President

AGREED:
CIBA-GEIGY

By:

TAG:cvm