BASIC LICENSING
SUMMER 1994
INTELLECTUAL PROPERTY SUMMER INSTITUTE

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FINAL EXAMINATION

This is a two-hour (three hours for foreign students), open-book exam. You may consult the course books and any other materials. Yet, your examination must be your own work. Do not discuss it with other students.

Write your answers in the blue books supplied, but please use only one side of the page and observe the margins. Please write legibly.

Grading will be anonymous; please do not put your name on anything you turn in. USE YOUR EXAMINATION NUMBER.

PROBLEM[

Please list and discuss all the salient differences between patent and trademark licensee agreements that you can think of. [15 points]

PROBLEM II

Please discuss pitfalls and problems in hybrid patent/trade secret license agreements and ways and means of avoiding them. [15 points]

PROBLEM III

A. Facts

A licensor developed a software program for creating a template of a cardboard cutout on a computer screen. The infringer, not a licensee, bought a copy of the program, then circumvented the protective devices and made three unauthorized copies of the software. Beyond that it created its own program which was almost a direct copy of the licensor's and marketed it as its own. There was no question that the infringer had engaged in unauthorized copying.

But, when accused of copying, the infringer charged that the licensor misused its copyright and that the copyright was unenforceable due to the licensor's misuse based on language in the licensor's standard licensing agreement. The language in issue restricted licensees from creating any of their own software similar to the software of the licensor, and the agreement had a term of 99 years.

More specifically, the relevant provisions in licensor's agreement read as follows:

> D. Licensee agrees during the term of this Agreement that it will not permit or suffer its directors, officers and employees, directly or indirectly, to write, develop, produce or sell computer assisted die making software.

E. Licensee agrees during the term of this Agreement (99 years) and for one (1) year after the termination of this Agreement, that it will not write, develop, produce or sell or assist others in the writing, developing, producing or selling of computer assisted die making software, directly or indirectly. without (Licensor's) prior written consent.

B. Questions

How should a court rule on this misuse defense and why? In your answer also discuss how UP misuses relate to or differ from antitrust violations. [10 points]

PROBLEM IV

What's wrong with the following provisions found literally in a "Patent Assignment Agreement"? [5 points]

2. GRANT OF ASSIGNMENT

2.1 ASSIGNOR hereby grants to ASSIGNEE, subject to the terms and conditions herein recited, an assignment of Subject Technology to make, have made, use, market and sell Assigned Products in said Assignment Area.

2.2 The Assignment herein to make, have made, use, make and sell Assigned Products *may be* extended to the Affiliates of ASSIGNEE engaged in the manufacture and sale of said Subject Technology, provided that each such Affiliate shall become bound by the terms and provisions of this Agreement to the same extent as if it were named herein as "Assignee."

PROBLEM V

An agreement between VORTRAN CORPORATION and VORTRAN MEDICAL TECHNOLOGY, INC., which is at the center of a law suit between the two companies recently tried in a California state court, contains the following provision:

7. Best Efforts Obligation. V MT shall exercise its best efforts to exploit the Licensed Products.

Please comment on the adequacy of this clause. Indicate in a general way, if you find the clause inadequate, how it should read and/or what other additional or alternative provisions should have been included. [5 points]

END OF EXAMINATION

KPI/Ruh/7.19.94