INTELLECTUAL PROPERTY MANAGEMENT
FINAL EXAM
SPRING '08

Professor Jorda May, 2008

Instructions:
This is a two-hour (more for certain foreign students) open-book exam. You may consult the course materials as well as any other materials.

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

Grading will be anonymous; please do not put your name on anything you turn in. BE SURE YOUR EXAM NUMBER IS ON EACH BLUE BOOK YOU TURN IN.

PROBLEM I
In a recent Report of the Committee for Study of Invention, sponsored by the Lemelson-MIT program and the National Science Foundation (NSF), the following paragraph appeared about the patent/trade secret interface:

> Trade secrecy can be used in the early research and development stages, before patents are sought. Trade secrets protect sub-patentable innovations. Sometimes it is possible to protect the know-how associated with patents as trade secrets, but this strategy can be risky as it may run afoul of patent disclosure requirements. Trade secrets involving early stage research can often discourage the formation of open, creative research environments at universities and in industry. Typically, trade secrets are bound by employment contracts. Unlike patents, trade secrets enable others to mimic what you have done, provided they do not violate a specific secrecy agreement.

What is wrong, if anything, with this characterization of the nature of trade secrets? **[20 points]**

PROBLEM II
Servo-Motor Corporation (SMC) retains you, a private IP practitioner, to conduct a so-called intellectual property (IP) audit to assess the policies, practices and procedures of the company with respect to protection of its IP and resolution of problems that have arisen.

SMC, like SONY, started "with one good idea and one patent" several years ago and has grown rapidly but helter-skelter. It has now close to 500 employees. The founder, President and CEO of SMC had invented a pioneering high-performance D.C. motor, capable of starting and stopping 30 times per second and useful for computer disc drives and printers and industrial robots.

A basic patent was obtained but its broad claims are under a cloud due to subsequently-turned up foreign prior art. Some foreign patents were also obtained. R&D continued and some improvement inventions were made by the President and/or others on some of which patent

applications were filed. Some of these applications issued and some are still pending. Also they have some additional inventive concepts or ideas and much know-how relative to additional servo motor improvements or related motors for product line expansion.

Several R&D people had left SMC and formed a directly competing company; others had left and joined existing motor manufacturers. SMC had been so preoccupied with manufacturing and selling its "Servo-Motors" or "Start'n'Stop Motors" or "Stop/Go Motors," as they were called, that little attention had been paid to protection of their technology and know-how, apart from occasional contacts with an outside patent attorney who filed and prosecuted their patent applications but otherwise was not very aggressive.

The outside attorney also had obtained a single trademark registration on "Servo-Motors" and a handful of counterpart registrations in foreign countries. SMC's motors were so popular that "everybody and his uncle" simply referred to them as servo-motors. SMC was unsure about how to put a stop to this.

Please write an audit report to SMC's CEO, detailing deficiencies found in policies, practices and procedures in place at SMC and recommending remedial measures in order to maximize IP protection. In this exercise you can use imagination and assume the worst, i.e., there was little IP awareness and not enough was done in terms of protecting SMC's IP. **[20 points]**

PROBLEM III

Representing a scientist who has been offered a position in the R&D Department of Apex Corporation, you have been asked for advice on whether provisions in a proffered employment agreement would be acceptable "as is" or with what revisions. The provisions are the following:

> **INVENTIONS**: If, during any period of my employment by the Company or as a result of any such employment, I make any inventions relating in any way to the Company's business, I will give notice thereof to the Company, will assign to the Company all my rights therein, and will execute any necessary papers in connection with securing patents thereon in the U.S. or in other countries, and will vest in the Company all my patent rights.
>
> .....
>
> **CONFIDENTIAL INFORMATION**: Except as authorized by the Company, I shall, both during and subsequent to my employment, keep confidential and not disclose to anyone nor use any confidential in formation belonging to, or in the possession of the Company. Upon termination of employment, or upon request at any time, I shall account for and return to the Company all materials containing any such confidential information.

Firstly, what additions/revisions would you insist should be made in fairness to the scientist?

Secondly, if you had represented Apex instead, how would you have drafted these provisions to improve them for optimal protection for Apex? **[20 points]**

--END OF EXAMINATION—

EXAM NO. _____

BUSINESS ASSOCIATIONS
Professor John Orcutt
Spring Semester 2008

MIDTERM EXAMINATION – IN CLASS

INSTRUCTIONS:

1. This is a closed-book examination. You may not bring any materials to the examination with the exception of ESL students who are allowed to bring and use a Home Language/English dictionary.

2. This is a 60-minute examination and is worth 60 points. The examination consists of two essay questions worth 30 points each.

   It is your responsibility to apportion your time appropriately amongst the questions. If you base your time on the possible points per question, the time apportionment should be 30 minutes per question.

3. The grading of examinations is anonymous. So, you must write your examination number on the examination and your blue book. YOU MAY NOT WRITE YOUR NAME ON ANYTHING – YOU MAY ONLY USE YOUR EXAM NUMBER.

4. Please write your answers in a blue book. Remember to write your examination number on your blue book. The only answers that will be graded are the answers written into a blue book. While you are free to use scratch paper, answers written on scratch paper, or anything else other than a blue book, will not be read and will not be counted for any credit. Please write only on the front side of the pages in the blue book. Please remember that organization, persuasiveness, neatness and legibility all count in determining your grade on the essay answers. To improve the organization of an answer, you may wish to quickly outline the answer on a separate sheet of paper prior to writing your full answer in the blue book.

5. I have tried my best to write and proofread the exam so that there are no distracting typos or other errors – but, I may not have been totally successful. If you believe there is a typo or other error that makes it difficult to answer a particular question, please provide your best answer and explain any assumption you used to answer the question.

Good luck on the examination!

DO NOT TURN TO PAGE 2 UNTIL THE PROCTOR TELLS YOU TO BEGIN