INTELLECTUAL PROPERTY MANAGEMENT
FINAL EXAM
SPRING '03

Professor Jorda May, 2003

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 write or print 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
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 thirty 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, several are still pending with restriction requirements in some of them and some are under final rejection. A number of inventive concepts or ideas relative to additional servo motor improvements or related motors for product line expansion are on the

"drawing board". Drawings and prototypes were prepared for some of these inventive concepts.

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 IPR's. **[40 Points]**

PROBLEM II

Are patents and trade secrets mutually exclusive or mutually reinforcing? In other words, to what extent, if any, can patents and trade secrets be relied on side by side for protection of technological and business innovation? Please write a short essay in answering these questions. **[20 Points]**

-END OF EXAMINATION-

Jorda/Ruh/4.28.03