TECHNOLOGY LICENSING

FINAL EXAMINATION

EXAM #_____

Professor Jorda December 2006

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

A. Facts

In 2000, Acme Corporation filed a US trademark application for the word mark "CROWN", which was registered in 2002 for certain internet-related services. Zenith Company, Inc. also offered similar internet-related services, employing the web-address "goldcrown.com" and using the symbol "goldCROWN" in the color gold in all its corporate materials. The trademark application, filed by Zenith on "goldCROWN and Design", was rejected by the US Patent and Trademark Office as too likely to cause confusion due to the affinity between the services offered by the parties. However, Zenith continued to use this mark in the face of demands by Acme to stop.

In 2004, Acme concluded a license agreement with Star Crown, Inc., whom Acme also had accused of trademark infringement, permitting Star Crown to use Acme's CROWN mark world-wide. According to the terms of this license agreement, Star Crown agreed only "to employ reasonable commercial efforts to *maintain the positive business value of the CROWN mark.*" *Nothing further was said about "efforts" and* there was no ongoing working relationship between Acme and Star Crown.

Acme later sued Zenith in a US District Court for trademark infringement.

B. Question

What was the core issue before the court and what was the decision rendered by the court and why. **[15 points]**

PROBLEM II

Attached is an actual "know-how" agreement between Michigan Chemical Corporation and Ciba-Geigy Corporation on an improved proprietary (secret) process for the preparation of cyclopropylnitrile (CPN), an intermediate for a commercial herbicide. It was prepared by business/technical people without consultation with patent counsel. It is woefully inadequate.

First of all, it was meant to be an exclusive grant. Secondly, it has no confidentiality provisions. Thirdly, it does not have a term limitation on confidentiality.

Please draft appropriate grant, confidentiality and term clauses – but no others – for this agreement. **[15 points]**

PROBLEM III

How should a hybrid patent/trade secret license be structured in terms of royalty payments and agreement duration, where the relative value contribution between the patent rights and the trade secret rights to the technology package are:

a) 80% to 20% and
b) 20% to 80%?

Why is differentiation, if any, important or essential? **[15 points]**

PROBLEM IV

A. In the context of patent misuse and antitrust laws, describe the present status of the so-called "9 no-nos" of the US Justice Department as they pertain to technology licensing. **[5 points]**

B. Why is it important in IP licensing negotiations to address royalty rate and other money terms at the very end? **[5 points]**

C. What are take-home lessons from the ingenious Gould laser patent licensing scheme? **[5 points]**

- END OF EXAMINATION -

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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