TECHNOLOGY LICENSING **EXAM#_____**
FINAL EXAMINATION

Professor Jorda December, 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

A. Facts

Kamm Breweries of Mishawaka, Indiana has, for over 50 years, produced and marketed beer and ale in kegs, bottles and cans in the area of the U.S. east of the Mississippi. Kamm is now preparing to introduce a new product into its line — malt liquor, to be called "Kamm's Volt."

Kamm's advertising department has proposed that the marketing campaign take a colonial theme. Working with the company's package design department, it has designed the Volt can to resemble a pewter ale mug. The wall of the can slopes slightly inward from the base, and a cut-out handle, designed to be pulled out and back from the wall of the can, is a stylized version of a common pewter mug handle. The can is pewter-colored and bears a red oval emblem with the imprinted word, "Volt," predominant and, beneath it, the phrase, "Kamm's Volt — Always Good for a Jolt."

The top of the container is designed to be removed easily by an action consisting of grasping and pulling upwards on an attached aluminum loop. Unlike the pull-out tab employed on other beer, ale and malt liquor cans, which affords only a narrow opening, the entire top would be removed to enable drinking directly from the mouth of the can. The advertising executives hope that, aside from fitting into the mug concept, this new design will win new customers by making drinking easier. Their theory is that one effect of the new design will be to curtail the amount of air taken in with swigs from the can, consequently reducing the incident of a syndrome known in the trade as "beer drinker's burp."

One reason the concept of making the entire top removable had not previously been employed by others is that, whenever it was attempted, the resulting can was too weak to contain the pressure required for storage of beer, ale or malt liquor. To employ this new form of top without sacrificing the container's strength and capacity to retain the

necessary pressure, Kamm's package design department, after considerable experimentation, arrived at a new method of container construction, accomplishing a significant advance in the can manufacturing art.

B. Question

Having taken steps to avail itself of every available form of IP protection in the U.S., Kamm is interested in licensing a Denver-based brewer to manufacture and distribute Volt malt liquor in the new pewter mug container in the area west of the Mississippi. Representing Kamm, what kinds of clauses would you try to incorporate into the licensing agreement? **[20 Points]**

PROBLEM II

A. Facts

In 1980 David Hatfield developed several agricultural products, including a fiberglass heating pad for newborn hogs. Osgood Products, Inc. (OPI) was later created to manufacture Hatfield's products, and Hatfield became an employee.

In April 1982, Hatfield learned that OPI planned to develop a trademark, and he insisted that OPI use the name "Hatfield" in the mark. OPI agreed, and in 1983 the parties entered into a license providing in part that OPI could use the name Hatfield for 15 years as a "distinctive mark on all or part of the products" manufactured by OPI, whether or not they were invented by Hatfield. The agreement did not give Hatfield an express contractual right to inspect or supervise OPI's operations in any way.

Hatfield later resigned from OPI, and had no further involvement or relationship with the company. Meanwhile, in March 1985, OPI applied to register the marks "Hatfield" and a circle design incorporating the name Hatfield. The marks were registered in January 1986.

In 1999, Hatfield sued OPI in the district court, based on his understanding that the parties' 1983 license agreement had expired and that OPI's use of the Hatfield marks constituted trademark infringement. Hatfield argued that the parties' 1983 agreement was a limited license permitting OPI to use the "Hatfield" marks for only 15 years. OPI countered that the agreement was a "naked" license, and therefore, Hatfield had abandoned any rights in the trademarks.

B. Question

How should the district court rule and why? **[15 points]**

PROBLEM III

What lessons can be learned from the masterful clock calculator patent and Gould laser patent licensing schemes? **[10 points]**

PROBLEM IV

Miscellaneous Questions

1. If your client or company negotiates a license agreement in the U.S. with a value in excess of $15 million, what do you have to be concerned about and why? **[5 points]**
2. What are the salient differences between trademark licensing and franchising? **[5 points]**
3. Please comment on the adequacy of the following best-efforts clause: "Pinnacle Inc. shall exercise its best efforts to exploit the Licensed Products." Should you find this clause deficient, indicate how it should read and what other additional or alternative provisions should have been used. **[5 points]**

— END OF EXAMINATION —

KFJ/RUH/11.25.03