TECHNOLOGY LICENSING
FINAL EXAMINATION

Professor Jorda December, 2004

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

An agreement between ABC Corp., owning the trademark "Aura" and Star Aura, Inc., in which Star Aura was licensed to use ABC's trademark, contained no explicit or definitive quality control terms and no objective, enforceable terms that guided the licensee's use of the mark. A few requirements were placed on Star Aura's use of the mark which were rather amorphous, both in obligation and effect. ABC's conduct also showed no exercise of quality control. No ongoing working relationship existed between ABC and Star Aura and little interaction occurred. ABC took no interest in Star Aura's manufacturing activities or internal quality control efforts. In an ensuing trademark infringement suit between the parties, ABC adduced a couple of email messages, which sought reassurance from Star Aura regarding its license obligations, but which were sent only at the time they started the litigation.

B. Question

Based on these facts, what should be the defense of Star Aura? In your answer discuss also the rationale behind the quality control requirement in trademark licensing. **[15 points]**

PROBLEM II

What is the legality of a provision found in IP license agreements, which reads, "Licensee will not contest (or challenge) the validity of the Licensed Intellectual Property Rights."? **[15 points]**

PROBLEM III

A. Facts

You are acting as a licensing counsel for A Company, the owner of four U.S. patents covering process techniques for making electrical cable (U.S. Patent Nos. 3,957,681; 3,957,682; 3,957,683; and 3,957,684), and two patents, U.S. patent Nos. 4,875,600 and 3,976,428, each covering a different new electrical cable of novel construction and properties. The four process patents are useful in making the two patented cables. But the four process patents are also useful in making several types of unpatented electrical cable that are being sold in high volume.

Representatives of A Company and B Company have negotiated a tentative agreement calling for A Company to grant B Company a nonexclusive license under the four process patents (a) to make, use and sell products covered by U.S. Patent No. 3,976,428, and (b) to make any unpatented electrical cable. No trade secrets are to be licensed in connection with the patent license agreement.

B. Question

Draft a grant clause and any related definition clauses needed to express the tentative agreement of A Company and B Company. **[15 points]**

PROBLEM IV

Miscellaneous Questions:

1. When does a trademark license become a franchise and what, if any, difference does that make **[5 points]**

2. What is the "Blackbox Dilemma" and how can it be neutralized? **[5 points]**

3. What are the various ways in which a licensee can be protected against third-party dominant patent risks? **[5 points]**

— END OF EXAMINATION —

KFJ/Ruh/12.9.04