TECHNOLOGY LICENSING
SUMMER 2005
INTELLECTUAL PROPERTY SUMMER INSTITUTE

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FINAL EXAMINATION

This is a two-hour (with more time for ESL students), open-book exam. You may consult any materials. Yet, your examination must be your own work. Do not discuss it with other students.

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

Grading will be anonymous; please **do not** put your **name** on anything you turn in.

USE YOUR EXAMINATION NUMBER.

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PROBLEM I

A. Facts

In 2002/03, ABC, S.A. of 100 Rue du General de Gaulle, Louviers, France, developed a proprietary process for pre-treating and dying animal fibers, e.g. wool. In May of 2004, ABC disclosed this process to XYZ Spinning, Inc. of 200 General Patton Street, Woonsocket, R.I. on the basis of a "Confidential Disclosure Agreement," to enable XYZ to evaluate the subject process and determine its interest in commercially using it under license from ABC.

In September of 2004 ABC filed a patent application on the subject process and in October 2004 XYZ expressed an interest in being licensed to practice ABC's process and ABC agreed to license XYZ on the following terms, which were agreeable to XYZ:

1) Non-exclusive grant with the right to extend the license to dyers (as subcontractors or suppliers) to practice the licensed process, subject to approval by ABC, inasmuch as XYZ is in the business of making rather than dying fabrics.
2) Geographic scope: USA, Canada, Mexico.
3) Appropriate royalty payment provisions.
4) Appropriate confidentiality obligations.
5) Grantback.
6) Hold-harmless obligation running from XYZ to ABC.
7) 10-year term which is renewable and default provisions.
8) Termination option by XYZ upon 3-months advanced notice.

B. Question
What should the major, critical provisions in the "Confidential Disclosure Agreement" have been? Please draft such provisions. **[25 points]**

PROBLEM II

A. Facts
Same as in PROBLEM I.

B. Question
How should the grant clause with pertinent definitions and the term and termination clause read? Please draft these clauses (and no others) to reflect the above agreed-upon fact pattern. **[25 points]**

PROBLEM III

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? **[25 points]**

PROBLEM IV

Miscellaneous Questions

1. At what point in licensing negotiations are royalty terms agreed upon and why? **[5 points]**
2. 2. What is the legality of a provision found in a trademark license, which reads: "Licensee will never contest the validity and ownership of the Licensed Trademarks"? **[5 points]**
3. What are best and second-best alternatives to the common "best efforts" clause? **[5 points]**
4. What was the result or upshot of the combination of step-up royalty and MFL clauses in the Patlex/Gould laser patent licensing scheme? **[5 points]**
5. What was the result or upshot of the (sales) volume-based descending royalty clause in the Patlex/Gould laser patent licensing scheme? **[5 points]**

--END OF EXAM—

KFJ/Ruh/7.1.05