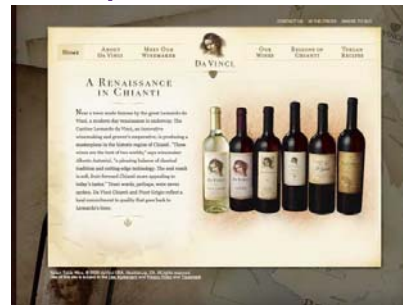


Licensing & Tech. Transfer

- Module 9
- License Terms to Expand Property

Barcamerica v. Tyfield (9th Cir. 2002)

- Barcamerica -> Renaissance
 - 5 yrs / 4,000 cases
 - \$2,500 nonexclusive; later exclusive
 - No QC provision
- Tyfield distributes Cantine wines
- Nature of Tyfield's attack on Barcamerica's mark?
- Degree of operational entanglement between Barcamerica and Renaissance
- What effect arises from the fact that the wine of Renaissance was apparently "good"?



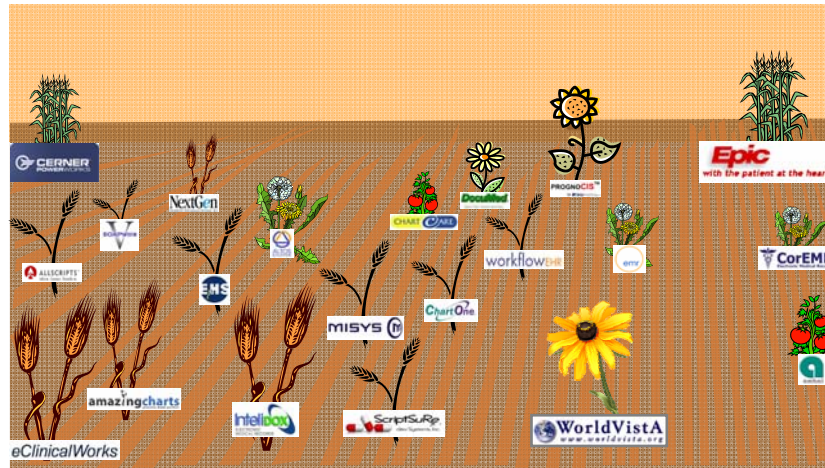
Exxon Corporation v. Oxxford Clothes, Inc. (5th 1997)

- 14 phase out agreements after the 1970s, one with a 3 year period
- Oxxford mark in use since 1949, but started using interlocking XX in 1993
- Exxon suit, with Oxxford affirmative defenses
 - Phase out agreements alleged to be naked licenses, leading to abandonment
 - Ultimately, Exxon goes forward in the suit with a single Texas state law dilution claim
- Issue(s) and Dist Ct. result?
- 5th circuit result?

IDX Systems v. EPIC Systems (7th Cir. 2002)

- Who were Quade & Rosencrance and what did they do?
 - Moved from employment with Epic to Wisc. Medical Foundation
 - What did this expose them to?
- Claims IDX lost at the district court
- Specificity of identification of the trade secret(s) allegedly misappropriated
 - Did/could Quade/Rosencrance transfer source code information?
- Contract remedy based on possible disclosure
 - Noncompete / nondisclosure
 - Employer/employee (time/geography) versus vendor/vendee

Fragmented Medical Practice Management Software Market



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9-5

Eden Hannon Co. (EHC) v. Sumitomo Trust (4th Cir. 1990)

- Sumitomo signed “NDA” to obtain EHC model for possibly purchasing Xerox lease portfolio from EHC
 - Sumitomo instead directly bid and won the portfolio
 - PAS Program is the portfolio
- Sumitomo says it didn’t bid, but invested in another bidder’s package (Oasis Co.)
- District court remedy needs bolstering
 - Injunction to not repeat (Dist. Ct.)
 - Constructive trust (added by Appellate Ct.)
- Enhanced remedy by analogy to employer/employee cases
 - Policy reasons to enforce these within limits
 - Enforcing limited scope non-compete after disclosure to further what purposes?
- Three-Part test for non-circumvention (inspired by employee non-compete test)



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9-6

Liu v. Price Waterhouse (7th Cir. 2002)

- Price agrees to pay Yang/Sky for speed increase of RevUp32 software (part of TMS)
 - events occurring over March – June 1995
 - Yang's benefit also in 5/22/1995 letter – lead future China ventures
 - Upon receipt back in U.S. of new source and object code, Yang holds back source code; 264% increase
 - Yang registers copyright in her daughter's name (Liu)
- CLR purchases TMS
 - CLR distributes TMS with Yang/Sky version of RevUp32
 - Later, hires another programmer to re-speed-up the original RevUp32
- Copyright lineage analysis

Grantbacks – DOJ Antitrust Guidelines for Licensing IP (1995)

A grantback is an arrangement under which a licensee agrees to extend to the licensor of intellectual property the right to use the licensee's improvements to the licensed technology. Grantbacks can have procompetitive effects, especially if they are nonexclusive. Such arrangements provide a means for the licensee and the licensor to share risks and reward the licensor for making possible further innovation based on or informed by the licensed technology, and both promote innovation in the first place and promote the subsequent licensing of the results of the innovation. Grantbacks may adversely affect competition, however, if they substantially reduce the licensee's incentives to engage in research and development and thereby limit rivalry in innovation markets.

A non-exclusive grantback allows the licensee to practice its technology and license it to others. Such a grantback provision may be necessary to ensure that the licensor is not prevented from effectively competing because it is denied access to improvements developed with the aid of its own technology. Compared with an exclusive grantback, a non-exclusive grantback, which leaves the licensee free to license improvements technology to others, is less likely to have anticompetitive effects. The

Agencies will evaluate a grantback provision under the rule of reason, *see generally Transparent-Wrap Machine Corp. v. Stokes & Smith Co.*, 329 U.S. 637, 645–48 (1947) (grantback provision in technology license is not per se unlawful), considering its likely effects in light of the overall structure of the licensing arrangement and conditions in the relevant markets. An important factor in the Agencies' analysis of a grantback will be whether the licensor has market power in a relevant technology or innovation market. If the Agencies determine that a particular grantback provision is likely to reduce significantly licensees' incentives to invest in improving the licensed technology, the Agencies will consider the extent to which the grantback provision has offsetting procompetitive effects, such as (1) promoting dissemination of licensees' improvements to the licensed technology, (2) increasing the licensors' incentives to disseminate the licensed technology, or (3) otherwise increasing competition and output in a relevant technology or innovation market. *See* section 4.2. In addition, the Agencies will consider the extent to which grantback provisions in the relevant markets generally increase licensors' incentives to innovate in the first place.