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## **Intellectual Property Transactions Practice**

**LAW2565, Spring 2010:** Classes in 230 Dockser from 1:45 to 3:15 PM on Wednesday and Friday. Office hours: weekly sign-up sheet posted on my office door.

The **objective** of this course is to familiarize students with the practice of law in relation to various types of transactions related to the creation, ownership, license, sale, use and other exploitation of intellectual property (IP) rights and a client's IP assets. The class will study these transactions with a focus on written agreements and the practice of transactional law, including a transactional lawyer's responsibilities and related lawyering skills. Those responsibilities and skills include: identifying and understanding the parties' objectives and other critical factors; analyzing the transaction terms and conditions; analyzing risks and identifying risk management opportunities; structuring and drafting transaction documents; developing negotiation strategies; and providing the client with advice and counsel. The focus on written agreements will include: the purpose and structure of various types of IP agreements (such as licenses, development and employment agreements, assignments, settlement and collaboration agreements and security interests); the use and drafting of common components of transaction documents (e.g., covenants, conditions, representations and warranties); analysis of transaction points and contract terms; preparation for advising clients on transactions; preparation of revisions and negotiation points; and other aspects of assisting a client to evaluate, define and close an IP-related transaction.

**Why should law students care about IP transactions?** All clients are users of IP, be they individuals, community organizations, start-up companies or global enterprises. And many clients are creators, employers, developers, distributors or sellers of technology, content, expertise or other IP assets. IP-related transactions of one type or another are common and often integral to a client's operations or objectives. Due to the easy divisibility and intangible nature of IP, transactions involving IP assets are often complex and particularly amenable to, and as a practical matter often require, written agreements and other documentation

**Why should law students care about drafting contracts?** When your client decides to share or exchange something, settle a dispute, work with or for another party, acquire content or expertise, or engage in any other transaction, articulating the 'the deal' in a written contract will be your responsibility. Once the parties sign, the deal doesn't exist independently of the contract – the deal is what the contract says it is. A suitable contract paves the way to a successful transaction. On the other hand, many unsuccessful transactions and much litigation are the result of defective drafting of one type or another: inaccurate, incomplete, omitted or ambiguous terms; unsuitable use of forms and so-called standard terms or boilerplate; or failure to contemplate and address contingencies. Contracts are opportunities to prevent disputes and to avoid or minimize the cost and burden of litigation.

The **requirements** for this course are full preparation, attendance and participation in class sessions, including assignments and class exercises, and a final written project comprised of the student's memorandum of advice and a contract marked to show the student's recommended changes. The requirements for the 'Upper Level Writing Requirement' described

in the Student Information Handbook apply to the final written project for this course. The first draft of the client memorandum is due before class on Friday, April 16, 2010, your mark-up of the contract and revised memorandum are due before class on Wednesday, April 21, 2010, a sign-up sheet will be posted for office conferences (at least one) during the following weeks, and the final version of the written project is due by 5:00 PM on Monday, May 17, 2010. If you are a 2L, you may choose to submit this project for the 'Upper Level Writing Requirement' – in which case you must include the form with your final draft.

Student evaluations will be based on the quality and substance of the student's (i) contributions to class discussion and participation in the exercises and (ii) final written project.

### **Required Readings and Preparation for Class**

The assigned reading is listed below, along with materials to review in preparation for class exercises. The reading materials will serve as a starting point and shared knowledge base for class discussion. Students should come to class prepared to discuss and analyze information and ideas gleaned from the reading materials and to raise questions and contribute insights based on application to relevant coop and personal experience.

The assigned texts are George W. Kuney, The Elements of Contract Drafting, Second Edition Thomson/West 2006 (soft cover) and Richard S. Gruner, Shubha Ghosh and Jay P. Kesan, Intellectual Property In Business Organizations, LexisNexis 2006 (available in hard cover and looseleaf), which are referred to in this syllabus as “ECD” and “IPBO.” (NB: The looseleaf version of IPBO is cheaper and somewhat easier to use.)

The various other reading materials assigned to supplement the two texts will be freely available by means of links or copies posted on Blackboard. Writing exercises will also be posted in advance on Blackboard. Additional materials for some exercises may be distributed as handouts during class.

### **Suggested Prior and Supplemental Reading**

Some familiarity with fundamental aspects of U.S. IP law is required for successful completion of this course. Although not a strict pre-requisite, prior IP course work is recommended. IPBO provides a helpful summary of IP in the Appendix at pages 1027 – 1069. All students are advised to study the materials in the Appendix. Students with no prior IP course work are encouraged to also obtain, read and refer to a more comprehensive IP law resource, such as Thomson/West's *Nutshell* or *Black Letter Outline* or similar text. Additional suggested reading materials may be posted on Blackboard from time to time.

### **Syllabus**

For each of the topics covered in this course, the following listing identifies the proposed class date, and the assigned reading and any exercise preparation, which students are expected to complete prior to class. Generally the exercise preparation calls for students to familiarize themselves with a hypothetical set of facts, contract clause or document and one or more questions. The questions are intended to assist students with formulating discussion points and

advice for a hypothetical client. Exercise preparation may also call for drafting clauses or proposed changes to a document.

Materials identified in this syllabus as “posted” will be posted on Blackboard in advance of class. Students are expected to review and down-load or print all posted materials and to bring copies to class.

The listed topics and dates may be adjusted from time to time during the quarter. Changes will be announced in class or posted on Blackboard.

| <i>dates</i> | <i>topic</i>  | <i>assigned reading</i>   | <i>preparation for in-class exercises</i>  |
|--------------|---|---|--|
| 3/3          | 1. <u>Transactional and IP advice and practice</u>              | IPBO pp 8 – 12 <i>value of IP</i><br><br>IPBO pp 12 – 20 <i>hazards</i><br><br>UCC 1-201(b)(3) & 1-201(b)(11),<br>LEXSTAT UCC@1-201<br><i>definitions of ‘contract’ and ‘agreement’</i> | No exercise preparation for first class  |
| 3/5          | 2. <u>Transactions, agreements and contracts</u>                | ECD pp 1-2 <i>introduction</i><br><br>ECD pp 5-7 and 24 (notes C & F) <i>translating and adding value</i><br><br>Suggested:<br>re-read IPBO pp 8-20                                     | Erin and Dr. See will be your clients.<br>Review 2 hypos:<br>- ‘Erin Part 1’ (posted)<br>- Dr. See (IPBO p 2 up to 1980)<br><br>Q: At this stage, what can you say about each of your client’s abilities, intentions and objectives? Does the client have any IP assets? Is the client contemplating a transaction?  |
| 3/10         | 3. <u>Confidentiality agreements and the use of definitions</u> | ECD p 26 (note C) <i>parties</i><br><br>ECD pp 27-30 (note E) <i>definitions</i><br><br>ECD p 25 <i>organization</i><br><br>IPBO pp 254-257 & 284-287 <i>trade secrets</i>              | Review (both posted):<br>- ‘Erin Part 2’<br>- Non-Disclosure Agreement (NDA) form<br><br>Q: With what you know thus far about Erin’s position, preferred approach and objectives (“PPO”), would you advise Erin to use this NDA as a form for an agreement with Jess? Why? Would you advise Erin to make any changes to the form NDA? If so, what and why? |
| 3/12         | 4. <u>Current Practice Issues</u>                               | [none]  | Attend “Deals” panel presentation at NUSL Transaction Law conference, 1:30 – 3:00 PM, in room TBD [240/230 Dockser?]   |

| <i>dates</i> | <i>topic</i>   | <i>assigned reading</i>   | <i>preparation for in-class exercises</i>  |
|--------------|--|---|--|
| 3/17         | 5. <u>Purpose and use of common agreement components and structure</u>   | ECD pp 25-34 <i>parts</i><br><br>ECD pp 55-56 <i>checklists</i><br><br>ECD pp 113-119 <i>general clauses</i> , pp 251-252 ¶1-17 <i>examples</i><br><br>IPBO pp 578-579, 622-625, & 633-639 <i>anti-assignment clauses</i>   | Erin has not yet hired Jess. Re-review the form NDA (posted for topic 3).<br><br>Q: What would you advise Erin with respect to the NDA and any future assignment of rights or delegation of duties by either Erin or Jess? What would be the effect of the terms of the NDA? Would you advise Erin to add or change the terms of the NDA?  |
| 3/19         | 6. <u>Covenants, rights and obligations</u>  | ECD pp 79, 82-83 <i>covenants</i> , pp 255-256 <i>company's and customer's other obligations</i>  | Identify the 'covenants' in Erin's NDA form (posted for topic 3)<br><br>Review:<br>- the covenants in the Alternative NDA form (posted)<br>- the hypo (IPBO p 2) regarding Dr. See's consulting work after he left IMC.<br><br>Q: Which of the two forms of NDA would you advise Dr. See to use as a form for his contracts with consulting customers? Why? Would you advise him to make any changes to the form? Bring your suggested changes to class. |
| 3/24         | 7. <u>IP Ownership and Transfers of IP, Part 1: default ownership of IP; common types of IP transfers; and purpose and use of granting clauses</u> | IPBO pp 309-317 <i>patent</i> , pp 317-327 <i>trade secrets</i> , pp 327 & 330 (discussion of 17 USC 101 and 201(a)) <i>copyrights</i><br><br>IPBO pp 50-57 <i>licensing</i> , pp 613-615 <i>comparison</i> , p 669 ¶36 & 673 ¶72 <i>assignment</i> , pp 145-146 & 153-158 <i>security interests</i><br><br>Creative Commons license, <a href="http://creativecommons.org/licenses/by-nc-nd/3.0/legalcode">http://creativecommons.org/licenses/by-nc-nd/3.0/legalcode</a> | Review and compare the 3 sample 'granting' clauses (posted).<br><br>Q: The IP assets are the same in each case. What effect does each clause have on ownership of the IP assets? In what circumstances would you advise a client to use each of these clauses?<br><br>Q: When would you advise a client to use the Creative Commons license 3.0? Consider the types of IP, transactions, clients and content for which these T&Cs are suitable.          |

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|--------------|--|--|---|
| 3/26         | 8. <u>IP Ownership and Transfers of IP, Part 2: employee and independent contractor transactions</u> | IPBO pp 333-345 <i>employee agreements</i><br><br>IPBO pp 352-362 <i>trailer clauses</i><br><br>IPBO pp 383-391 <i>new employee risk</i>   | Review:<br>- Dr. See's desire to hire Dr. Wilson (IPBO p 307 ¶ 1-4)<br>- Employee Agreement form (posted)<br><br>Q: Assume that when he was hired by IMC, Dr. Wilson signed an agreement identical to the posted form. What are Dr. Wilson's obligations to IMC? What would you advise Dr. See with respect to hiring Dr. Wilson?<br><br>Q: If Erin decides to hire Jess, what points about IP ownership would you raise with Erin? What other information would you ask Erin to provide before you prepare a draft contract? |
| 3/31         | 9. <u>Declarations, representations and warranties</u>   | ECD 79-87 <i>reps &amp; warranties</i> , 87-88 note 1, 91 and 257-259 <i>examples</i><br><br>IPBO pp 193-194, 203-205 <i>materiality</i> , 216-220 <i>IP reps and warranties</i> | Review Dr. See hypo (IPBO pp 191-193).<br><br>Q: How would you respond to the request at the top of page 193?   |
| 4/2          | 10. <u>Settlement transactions, part 1: trademark co-existence</u>                                   | IPBO pp 489-493, 498-499 <i>terms for trademarks</i>   | Review 'Erin Part 3' (posted)<br><br>Q: Prepare a list of terms for a possible co-existence agreement between Erin and the mall owner.  |

| <i>dates</i> | <i>topic</i>                             | <i>assigned reading</i>   | <i>preparation for in-class exercises</i>   |
|--------------|--|---|---|
| 4/7          | 11. <u>Purpose and use of conditions</u> | <p>ECD pp 73-77 <i>conditions</i></p> <p><u>Jacobsen v. Katzer</u>, Fed. Cir., No 2008-1001, 8/13/08 <u>2008 U.S. App. LEXIS 17161</u></p>  | <p>Dissect clauses A and B at ECD pp 66 &amp; 67 and compile separate lists for each of the following categories: (i) Buyer's unconditional obligations; (ii) Seller's conditional rights; and (iii) Seller's unconditional rights. Bring you lists to class.</p> <p>Erin learns that Jess included some Open Source (OS) software code in the custom software he is developing to calculate mortgage consolidation terms for each solidarity group. Erin asks you whether using the OS code will be a problem. Prepare a list of questions for Jess and other points to discuss with your client regarding Jess's use of OS.</p> |
| 4/9          | 12. <u>Allocation of risk</u>            | <p>ECD pp 93-95 <i>remedies</i></p> <p>ECD pp 108-109 <i>sample 'events of default,'</i> pp 257-259 <i>sample combinations of clauses affecting the allocation of IP-related risks</i></p> <p>Excerpt from ALI's Principles of the Law of Software Contracts ("ALI/PLSC"), <u>Council Draft 3 pp 172-183 (posted)</u></p> | <p>Review: YouTube's Terms of Use (posted at <a href="http://www.youtube.com/t/terms">http://www.youtube.com/t/terms</a>)</p> <p>Q: Identify the various provisions of YouTube's Terms of Use that affect a party's potential liability for IP infringement.</p> <p>Q: What is the allocation of liability for IP infringement?</p> <p>Q: What IP infringement risk or portion of the risk is borne by someone who posts content at the YouTube site?</p>   |