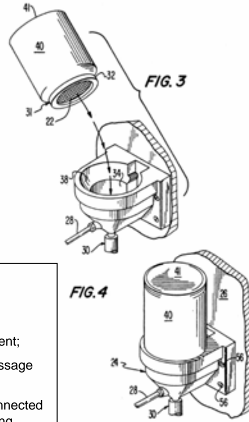
Licensing & Tech. Transfer

- Module 8
- Reps & Warranties & Liability

Loew's v. Wolff (S.D. Cal. 1951)

- Wolf & Wolff sell story to Loew’s for $15k
  - Form contract
  - Reps & Warranties: Sec. 4
  - Indemnification: Sec. 6
- Foulstone involvement in story; triggering the law suit
- Marketable and Perfect Title warranty?
  - Express?
    - “complete, unconditional and unencumbered title”
  - Implied?
    - Limit to real estate
    - Analogize to patents; inspiration from Sales Act?

Chemtron v. Aqua Prods (ED Va. 1993)



- Chemtron sues Aqua for infringement when Aqua installs parts it purchases from Viking
  - UCC §2-312 asserted by Aqua against Viking
- Scope of UCC §2-312 warranty against infringement?
- Preemption . . .

1. A method for dispensing detergent to a washing machine comprising:

(a) forming a container from plastic material with a shoulder and a neck portion integral therewith prior to insertion of detergent therein;

(b) placing the detergent in particulate form within a container, said container having a mouth for receiving the detergent;

(c) covering the container mouth with a cover material which is impermeable to particulate matter while permitting passage of water, said covering step being made prior to delivery of said container to said washing machine;

(d) said washing machine having an exterior portion and an interior portion, said washing machine having an inlet connected to said interior portion for receiving the detergent, said inlet being in communication with a fixed receptacle facing upwardly, said receptacle having a complementary portion for engaging said container mouth;

(e) delivering said container to the vicinity of said washing machine;

(f) arranging said container with respect to said receptacle to form a closed path between the container and said inlet, said particulate matter being supported above the inlet by said cover material, within the container and exposed to said inlet;

(g) subjecting said particulate material while supported within said container above said inlet to controlled amounts of fluid to dissolve particulate material in the vicinity of the container mouth sufficiently to permit passage of detergent through said cover material and to said inlet; and

(h) the step of subjecting said particulate material while supported within said container above and said inlet including spraying fluid from a position exterior to said container through said cover material to said mouth of said container to dissolve material in the vicinity of the mouth in the lower portion of the container while detergent in the upper part of the container remains substantially dry.

Troxel Manufacturing Co. v. Schwinn Bicycle Co. (6th 1972)

- Fate of Schwinn's Brilando patent?
- Impact on license?
  - Going forward?
    - Drackett (6th 1933)
  - For the past?
- Effect of Lear v. Adkins (1969)
  - Federal patent law, and policy behind it, abrogates state law licensee estoppel doctrine; following tenor of Sears-Compco (1964 cases)
  - Case's facts are for royalties going forward
  - Dist Ct applies it to royalties Troxel has already paid to Schwinn
- 6th analysis
  - Economic incentives to challenge validity
  - Holdouts trying to be free riders
  - Contingent nature of royalty funds taken by LicOR
  - Channel people away from the patent system?
  - Recoupment still available if patent obtained fraudlently

Saturday Evening Post v. Rumbleseat (7th Cir. 1987)

- Arbitration clause enforceable in this contex
- No-contest clause
  - Rumbleseat as LicEE promises not to contest validity of copyrights of Post
- Monopolistic danger or effect?
- Aspects of a (argued-for) federal law forbidding no-contest clauses
  - Discourage © licensing by LicORs?
  - Might accelerate validity challenges by shifting them ex ante to the license?
- Balance pros / cons of the clause via Antitrust law, not ©
- Not inconsistent with *Lear v. Adkins*

Idaho Potato v. M&M Produce (2d Cir. 2003)

- IPC certification mark challenged by licensee M&M
  - Dist. court vacates jury verdict in favor of IPC for Lanham Act claims
  - Dist. court holds M&M estopped to challenge the mark under no-challenge license provision
- Points of comparison
  - Litigation settlement in patent law (*Flex-Foot* "applying" *Lear*)
  - In trademark, "courts have generally precluded licensees from challenging the validity of a mark they have obtained a right to use"
- Trademark versus Certification mark impact on appellate court's analysis
  - Nondiscriminatory treatment requirement for certification marks
  - Akin to notion of "ideas into the public domain" under patent law
  - Three reasons: non-QC provision; licensees here perhaps only ones with a reason to challenge; want free market control of cert. mark (4 subpoints)

Idaho Potato v. M&M Produce (2d Cir. 2003)

http://licensing.idahopotato.com/

THE OFFICIAL HOME OF THE IDAHO® POTATO

HOME RETAIL FOODSERVICE INDUSTRY RELATIONS LICENSING

DIRECTORY STORE PRESS

GENERAL INFORMATION TYPES OF LICENSES LICENSEES MARKS

GROWN IN IDAHO

Start Here

The Idaho Potato Commission offers licenses for in-state and out-of-state companies or individuals packing fresh or processed Idaho® potatoes.

Find out more »

Application Process

Follow our step-by-step guide to obtaining a license here.

Learn More »

Marks

Browse available Certification Marks and Trademarks for use on your packaging.

Browse Marks »

FYI

DID YOU KNOW?

You can view sample agreements and reports for each type of license »

We have provided the entire licensing process online for your convenience »

DOWNLOAD CENTER

IDAHO LAWS AND RULES

- IPC Statute PDF
- Rules of Procedure PDF
- Rules on Taxation and Certification Marks PDF

TYPES OF LICENSES PDF

CERTIFICATION MARKS & TRADEMARKS PDF

GUIDELINES FOR PACKAGING FRESH IDAHO® POTATOES PDF

FOR ASSISTANCE

Idaho Potato Commission Licensing
661 South Rivershore Lane
Eagle, ID 83616

Contact: Kathy Ware
Phone: (208) 514-4206
Fax: (208) 514-4207

Send an email

©2010 Idaho Potato Commission | Terms and Conditions | Contact

Westowne Shoes, Inc. v. Brown Group, Inc. (7th 1997)

- Purity program
  - When start?
  - Purpose?
  - How did it change the parties' relationship?
- Basis of Westowne's suit against Brown
  - Licensing K / sales transactions?
  - Dealership law?
  - Contract?
- Dist Ct. result
- Appellate result

DPS v. LH Smith Oil (Ind. App. 1986)

- DPS to program IBM computers to create an accounting system for Smith Oil
  - Business relationship for two years, then unpaid 1981 billing
  - Trial court jury verdict in favor of Smith
  - Trial court said the software program was a specially manufactured “good” so that UCC treatment applied
- Appellate court: goods categorization was error
  - More like lawyer or doctor
  - Media is merely incidental
- But, judgment can proceed to affirm on common law principles
  - DPS as programmer holding itself out as a trade

Rosenstein v. Standard & Poor's (Ill. App. 1993)

- Rosenstein “losses” on 241 CBOE options contracts in Dec. 1989; the contracts tied to S&P indexes
- License relationship among CBOE, S&P and Rosenstein
- S&P correction obligation and Para. 12(c)
- On Friday, 12/15/1989, 3 minutes of incorrect price on Ford during the p.m.
- Allegation that S&P’s provider, ADP, failed to correct
- Correction on Monday, 12/18/2010
  - 92k options contracts impacted
- Negligent Misrepresentation by S&P?
  - 6 elements
  - Rosenstein wants a tort suit, not one for breach of K (disappointed commercial expectations): does the warranty to correct give rise to the requisite duty under element six?
  - Is an information provider in the business of providing information for the guidance of others? (“Moorman exception”)
- Despite some errors by trial court, affirm on strength of clear exculpatory clause, which itself survives background law challenges

Chodos v. West Pub. (9th Cir. 2002)

- Chodos to write treatise on fiduciary duty (3 yrs; 1,250 pgs)
  - Standard publishing industry agreement?
- Dist Ct. S/J in favor of West; 9th reverses
- Chodos attacks on the agreement for quantum meruit
  - Illusory?
    - Not with implied covenant of good faith and fair dealing
  - Valid but breached
    - Perhaps so because of acceptance clause (amplified by cure clause)
- Precedent on the same clause in the standard contract
- Why does quantum meruit make the best sense for damages?

Torres v. Goodyear Tire & Rubber Company, Inc (Arizona 1990)

- Nature of suit by Torres
- Procedural posture of issue before Arizona Supreme Court
- Tires as goods that carry the tort regime of strict liability
- Who made the tire involved in Torres' accident?
- How was the tire branded?
- Does status as trademark licensor carry strict liability?
- Reasons for/against; effect of level of QC
  - Other points of control by Goodyear over its subsidiaries/licensees