

Licensing & Tech. Transfer

- Module 2
- Contract Formation

Expansion Plus v. Brown-Foreman Corp. (5th 1998)

- EPI developed credit card data capture / paper processing Program
- Agreements
 - 1987 Master Agreement
 - Nondisclosure obligation
 - 1988 Agreement
 - Assignment
 - Term of 5 years
 - Integration clause
 - No nondisclosure obligation
 - Expired in 1993
- Six months after expiration
 - EPI tries to recast 1988 Agreement
- Did Brown-Foreman owe EPI a nondisclosure obligation?

Celeritas Tech. v. Rockwell (Fed. Cir. 1998)

- Celeritas patents on de-emphasis technology to reduce noise in analog cellular networks
 - Sept. 1993 meeting w/ Rockwell and corresponding NDA
 - Typical carve-out for nondisclosure obligation for public domain information
 - March 1994, AT&T modem with de-emphasis technology; Rockwell says “not going to license”
- When has information entered the public domain
 - Actually ascertained
 - Ascertainable
- Following jury verdict of patent infringement and breach of nondisclosure, affirming denial of JMOL for nondisclosure issue
 - Dist. Ct. judgment supportable under either standard
- Determination of breach; amount of damages

Nadel v. Play-by-Play Toys (2d Cir. 1999)

- What does Nadel do??
- Wasserman's role at Play-by-Play?
 - Rodriguez, his secretary
- Requirements under NY law for idea theft recovery
 - Novelty to buyer -> consideration?
 - Originality
- How to determine novelty?
 - General / specific
 - Commonality
 - Uniqueness
 - Commercial availability
- Outcome on appeal?

Tornado Taz 7-inch Stuffed Toy



Nadel v. Play-by-Play Toys (2d Cir. 1999)



In sum, we find that New York law in submission-of-idea cases is governed by the following principles: Contract-based claims require only a showing that the disclosed idea was novel to the buyer in order to find consideration.FN10 Such claims involve a fact-specific inquiry that focuses on the perspective of the particular buyer. By contrast, misappropriation claims require that the idea at issue be original and novel in absolute terms. This is so because unoriginal, known ideas have no value as property and the law does not protect against the use of that which is free and available to all. Finally, an idea may be so unoriginal or lacking in novelty generally that, as a matter of law, the buyer is deemed to have knowledge of the idea. In such cases, neither a property-based nor a contract-based claim for uncompensated use of the idea may lie.

FN10. Of course, the mere formation of a contract in a submission-of-idea case does not necessarily mean that the contract has been breached by the defendant upon his use of the idea. In order to recover for breach of contract, a plaintiff must demonstrate some nexus or causal connection between his or her disclosure and the defendant's use of the idea, i.e., where there is an independent source for the idea used by the defendant, there may be no breach of contract, and the plaintiff's claim for recovery may not lie. See, e.g., Ferber, 51 N.Y.2d at 784 (noting that, even if plaintiff's idea were novel to the defendant at the time of disclosure, his claim would have been extinguished when the idea subsequently fell into the public domain through the issuance of patents disclosing the idea).

Wrench LLC v. Taco Bell (6th Cir. 2001)



- Rinks / Shields – creators of “Psycho Chihuahua”
- Alfaro with Taco Bell
 - Rinks suggests using live dog w/ personality of the Psycho Chihuahue
- Chiat/Day – new Taco Bell ad agency
- Preemption
 - Subject matter analysis
 - More than mere orally delivered ideas
 - Scope of subject matter (for preemption) is broader than ©'s protections
 - General scope (equivalency) analysis
 - Is state law right abridged by act which in and of itself would infringe one of the exclusive rights; i.e., extra element is required (changes nature of the action to be qualitatively different from copyright infringement)
- Implied-in-Fact K versus Implied-in-Law K
 - Breach of promise to pay is extra element; remedies difference
- Preemption for quasi-K, i.e., implied-in-law K
 - No extra element needed
- Reverse Dist. Ct., which found that © preempted the state law implied-in-fact K claim; reserve novelty requirement

Mortenson Co. v. Timberline Software (2d Cir. 1999)

- July 1993 delivery of Precision software product from Timberline via Softworks, its distributor, by Mr. Reich.
 - Medallion -> Bid Analysis -> Precision
- License locations
 - Diskette pouch
 - Manuals
 - Software screen notification of license
 - License around protection device
- December 1993 – less than “precise” bid outcome
- UCC goods?
- K formation or K alteration?
- If K formation, sufficient to meet UCC standard?

Specht v. Netscape (2d Cir. 2002)

- Arbitration term in downloaded software (SmartDownload) enforceable?
 - Free download
 - What contract terms were formed, if any, via the download?
- Netscape communicator software download required “Yes” click
 - Contained arbitration clause
 - Did not mention SmartDownload
- Differences in downloading SmartDownload from “shareware” site such as ZDNet
- Assent upon downloading SmartDownload from Netscape site?
 - Knowledge of license terms – inquiry or constructive notice?