Distribution and Licensing Agreements and their Disputes

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Introduction

• Assignment v. License
• License types – Sole, Exclusive and non-exclusive
• Covered by Commercial Courts Act, 2015
• Who can sue – Exclusive Licensees
• Disputes:
  – When quality fails
  – Payment not made
  – Other breaches
Copyright

• Assignment - presumption of Section 19 – 5 years, India and reverter
• What cannot be assigned – S. 18, S. 19(10)
• Licenses:
  – Territory
  – Duration
  – Rights (Satellite, Cable TV, Internet, Mobile Platform, etc.)
Patents

• Recordal Essential – Section 68 and 69 (Telemechanique case)

• Suit by exclusive licensee can proceed without recordal if Court permits (Sergi case)
Trademarks

• Recordal of assignment essential
• License – registered user – directory not mandatory
• Ziff Davies – licensee estoppel
• Licensor must have quality control or else “trafficking”
• Dristan, K.R. Berry and TI Raleigh cases
• Licensee’s use inures to licensor benefit
Know how

• May be confidential or publicly known
• If confidential (eg. Trade secrets for manufacturing, pricing, sourcing, marketing etc.), protected by contract and tort
• John Brady’s case (suppliers of panels) and Konrad Weidemann (licensee)
• Employees leaving employer – typical dispute
Enercon GmbH v. Wind World

• International Commercial Arbitration
• Seat - India and Venue – London
• Took one year to decide
• Award to German Company – Injunction and Damages.
• Three arguments:
  (i) Schedule was not filled-up;
  (ii) The agreement was not recorded; and
  (iii) Previous agreement transferred technology
Case studies

• Exide case – Battery v UPS – define goods
• Choice of mode of transferring tech – JV, subsidiary or third party licensee
• One Plus – prior non-exclusive licensee trumps subsequent exclusive licensee
• RS Agarwal – 10 crores
• Sephi v Roli Books – Moral rights, photography to cook books
Case studies

• Deadpool dispute – “Mera Joota hai Jpani” by Shailendra Mazumdar
• Dilution of brand by improper manner of use by licensee
Television Format Rights