

Advanced Licensing: Recent Developments for Practitioners

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Notable Licensing Law Developments - 2019

- 1. SCOTUS Clarifies Trademark Licensee's Rights After Rejection in Bankruptcy: *Mission Product Holdings v. Tempnology, LLC*
- 2. The Coming Wave of Right of Publicity and Trademark Issues involving Video Games
- Data Licensing: You Don't Own Your Data, So How Can You License It?



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Mission Product Holdings, Inc. v Tempnology, LLC

- Facts:
 - Tempnology and Mission were parties to Co-Marketing and Distribution Agreement, which included Tempnology granting a trademark license to Mission
 - Tempnology filed Chapter 11 and rejected the license in bankruptcy
 - Section 365 of the Bankruptcy Code enables a debtor to “reject any executory contract”—meaning a contract that neither party has finished performing. 11 U. S.C. §365(a).



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SCOTUS Clarifies Trademark Licensee’s Rights After Rejection in Bankruptcy: *Mission Product Holdings v. Tempnology, LLC*



Mission Product Holdings, Inc. v Tempnology, LLC

• Licenses and Bankruptcy (A Short History):

- **1985:** *Lubrizol Enterprises, Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043 (4th Cir. 1985) held that rejection of a license in bankruptcy terminates the licensee rights to use the licensed IP. Rejection = Recission
- In response Congress enacted Section 365(n) of the Bankruptcy Code to protect licensees of enumerated types of intellectual property from the impact of rejection.
- Under Section 365(n), upon rejection the licensee may either (i) treat the agreement as terminated (as in *Lubrizol*) and assert a claim for rejection damages; or (ii) retain the right to use the IP (with certain limitations).

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Mission Product Holdings, Inc. v Tempnology, LLC

• Licenses and Bankruptcy (A Short History):

- However, trademarks are not included in the definition of Intellectual Property in Section 101(35A) of the Bankruptcy Code
- **2012:** 7th Circuit rejected *Lubrizol* and holds that rejection of a trademark license DOES NOT terminate – it should be viewed as a breach by debtor/licensor and not as termination of the agreement. “Rejection=Breach” *Sunbeam Products, Inc. v. Chicago American Manufacturing, LLC*, 686 F.3d 382 (7th Cir. 2012)
- **2018:** 1st Circuit unequivocally sided with *Lubrizol* on the impact of rejection (rejection = recission) causing circuit split

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