SHORT FORM ORDER

INDEX No. 03-4999
CAL. No. 06-02692-CO

SUPREME COURT - STATE OF NEW YORK
POST-NOTE MOTION PART - SUFFOLK COUNTY

PRESENT:

Hon. ROBERT W. DOYLE
Justice of the Supreme Court

MOTION DATE 4/16/07 (#003)
MOTION DATE 5/23/07 (#004)
ADJ. DATE 5/23/07
Mot. Seq. #003 - MD
Mot. Seq. #004 - XMD

INGMAR BITTER,	:	TRUMP & BOUTCHER, LLP
	:	Attorney for Plaintiff
Plaintiff,	:	46 Route 25A, P.O. Box 830
	:	East Setauket, New York 11733
- against -	:	
	:	FARRELL FRITZ, P.C.
ARIE E. KAUFMAN,	:	Attorney for Defendant
	:	1320 Reckson Plaza
Defendant.	:	Uniondale, New York 11556-0120

Upon the following papers numbered 1 to 33 read on this motion for summary judgment; cross motion to transfer to another judge; Notice of Motion/ Order to Show Cause and supporting papers 1-24; Notice of Cross Motion and supporting papers 25-33; Answering Affidavits and supporting papers _____; Replying Affidavits and supporting papers _____; Other defendant's memorandum of law; defendant's reply memorandum of law; (~~and after hearing counsel in support and opposed to the motion~~) it is,

ORDERED that this motion by defendant for an order pursuant to CPLR 3212 granting summary judgment dismissing the complaint is denied; and it is further

ORDERED that the cross motion by plaintiff for an order (i) pursuant to CPLR 2221 transferring defendant's motion to the Honorable Elizabeth Hazlitt Emerson, J.S.C., for decision, and (ii) pursuant to CPLR 3212 granting partial summary judgment in plaintiff's favor and against defendant that plaintiff justifiably relied on defendant's alleged misrepresentations, is denied.

In this fraud action, the plaintiff seeks judgment (i) cancelling and rescinding an "Inventors' Agreement" dated March 11, 1997 ("the Agreement") by reason of the defendant's alleged misrepresentations inducing the plaintiff to enter into the Agreement, and (ii) in the amount of $742,500.00, representing the fair value of the work, services, and contributions made by the plaintiff on the invention which is the subject of the Agreement.

According to the plaintiff, who is a German citizen, he entered the United States in 1994 on a student visa to pursue studies at the State University of New York at Stony Brook. There, he enrolled as a non-matriculated student in a computer studies class taught by the defendant, a professor of computer science. When the plaintiff successfully completed the class, the defendant approached the plaintiff and suggested that he apply for a position in the University's doctoral program. The plaintiff was subsequently accepted into the program beginning in the 1995 fall semester and was awarded a scholarship which required him to serve as a teaching assistant his first year and a research assistant in succeeding years. With the plaintiff's visa status limiting the scope of his study and employment, the defendant assumed the roles of the plaintiff's faculty advisor, supervisor, mentor, and guide, advising the plaintiff in his selection of courses, directing and supervising his research, authorizing employment outside the University, and approving the plaintiff's doctoral dissertation.

In the fall of 1996, the plaintiff began serving as the defendant's research assistant, focusing on a technological problem in the area of "volume-rendering architecture" and, in January 1997, the plaintiff commenced writing a paper regarding his research. On March 10, 1997, the defendant advised the plaintiff that the patent which it was anticipated would arise from the research required the submission of a document entitled "New Technology Disclosure" to the Research Foundation of the State University of New York. This document was signed by both parties and submitted to the Office of Technology Licensing on March 10, 1997. The following day, the defendant advised the plaintiff that a document entitled "Inventors' Agreement" had to be executed and submitted as well. As they walked to the office where the Agreement was to be signed, the defendant explained that the plaintiff, as an employee of the University, had "signed away" his rights to participate in or otherwise profit from any inventions, developments or patents arising from the research and, in fact, had "signed away" his rights for anything he did on University time or using University equipment. The defendant also explained that because the plaintiff was to receive the benefit of having his name listed on the patent, the defendant was required to assign to the plaintiff a fraction of the inventors' 40% share of the royalties. Accordingly, the defendant was willing to give the plaintiff one percent of the inventors' share of the royalties, based on the plaintiff's "minimal" contributions to the work, as a "bonus" or "gift" to the plaintiff. Based on the defendant's representations, and because of the relationship between the parties, the plaintiff signed the "Inventors' Agreement" reflecting that the defendant was entitled to 99% of the royalties and that the plaintiff was entitled to the remaining one percent. Over the next several years, the defendant received a total of $750,000 from the patent, of which the plaintiff received $7,500. The plaintiff subsequently learned that the University's patent policy did, in fact, permit him to share in the royalties from the patent.[1] This action followed.

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[1] The policy is codified at 8 NYCRR § 335.28, entitled "Patents and Inventions Policy," subdivisions (b) and (c) of which provide, in relevant part, as follows:

> (b) All inventions made by faculty members, employees, students, and all others utilizing university facilities at any of the State-operated institutions of State University shall belong to State University * * *.

(continued...)

The plaintiff alleges in his complaint that he was fraudulently induced to enter into the Agreement because of the representations made to him by the defendant, *i.e.*, that the plaintiff had signed away his right to any profit arising from his work but that the defendant was required to assign a fraction of the inventor's share of profits to the plaintiff if the plaintiff were to be listed on the patent, which the defendant knew to be false, and also because of the parties' relationship and the influential power and control of the defendant.

Following service of the complaint, the defendant filed a pre-answer motion to dismiss the complaint pursuant to CPLR 3211 (a) (1) and (7). By order dated October 28, 2004, this Court (Emerson, J.) denied the defendant's motion, noting, in part, that "[i]n view of the parties' relationship, their unequal bargaining power, and the fact that the plaintiff was not represented by counsel when he signed the agreement in question * * * the plaintiff justifiably relied on the defendant's alleged misrepresentations to his detriment."

Now, discovery having been completed and a note of issue having been filed on November 16, 2006, the defendant moves for summary judgment dismissing the complaint. The defendant contends that the plaintiff cannot claim justifiable reliance on the alleged misrepresentations because he failed to exercise ordinary diligence to obtain a copy of the policy or to learn of his rights under the policy, particularly given that the policy is a matter of public record, and because the alleged misrepresentations are directly contradicted by the express terms of the Agreement.[2] The defendant also contends that fraud does not lie because the defendant's statement that the plaintiff had "signed away" his rights in the invention was true. The plaintiff cross-moves for an order (i) transferring the defendant's motion to Justice Emerson for decision, on the theory that the defendant's motion is essentially a recapitulation of all the arguments presented and disposed of on the prior motion to dismiss, and (ii) for partial summary judgment in his favor on the element of justifiable reliance, based on the related "finding" from the prior order.

Addressing first the branch of the plaintiff's cross motion which seeks an order transferring the defendant's motion, the Court finds the plaintiff's argument without merit. Notwithstanding that the

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[1](...continued)
(c) With respect to any invention obtained by or through State University or assigned to or as directed by it in accordance with the foregoing provisions, the university, in recognition of the meritorious services of the inventor and in consideration of the inventor's agreement that the invention shall belong to the university, will make provision entitling the inventor and the inventor's heirs or legatees to a nonassignable share in any proceeds from the management and licensing of such invention to the extent of 40 percent of the gross royalty paid, unless this exceeds the limits fixed by applicable regulations of the relevant sponsoring agency, which will control in such cases.

[2] The Agreement recites, in part, that the plaintiff and the defendant "were responsible for the development of the invention" and, "[i]n accordance with the Patent Policy of the State University of New York, Inventors are entitled to share in 40% of gross royalties received by the Research Foundation of the State University of New York."

defendant's current motion and prior motion to dismiss cover much of the same legal ground, the current motion does not attempt directly to affect the order deciding the prior motion and, therefore, the mandatory transfer contemplated by CPLR 2221 (a) is not implicated. Nor does Justice Emerson's presumed familiarity with the action warrant a discretionary transfer under CPLR 2217 (a); indeed, it is one of the primary functions of this Part to hear and determine motions for summary judgment made after a note of issue is filed, irrespective of whether a comprehensive motion to dismiss has previously been made. The Court further notes that whether any finding in the prior order may be deemed "law of the case," as the plaintiff claims, is immaterial to a determination as to the propriety of a transfer. Accordingly, the Court declines to order the requested transfer.

The defendant's motion is denied in any event. The defendant contends, in part, that the plaintiff had the means to ascertain the truth or falsity of the alleged misrepresentations and, therefore, could not justifiably have relied on them, because he had access to the policy and to sources capable of educating him as to his rights under the policy. However, the Court does not view the Agreement as an arms-length transaction between parties on equal footing. Given the nature of the parties' relationship and the level of trust reposed by the plaintiff in the defendant, together with the circumstances under which the plaintiff was presented with and ultimately agreed to sign the Agreement, it cannot be said as a matter of law that the plaintiff had no right to rely on the defendant's representation (*see*, ***Matter of Gordon v Bialystoker Ctr. & Bikur Cholim***, 45 NY2d 692, 412 NYS2d 593 [1978]). Even if the plaintiff had read the policy, he might reasonably have believed that he was not an "inventor" within the meaning of the policy and, hence, not entitled to receive any portion of the royalties. Furthermore, while it is true that the plaintiff, as an employee of the University, did relinquish any rights he may otherwise have had relative to the invention itself, he did not relinquish his right to a share of the royalties and, consequently, it is not true that the plaintiff "signed away" his right to profit from the invention.

The remaining portion of the plaintiff's cross motion, which is for partial summary judgment, is denied as untimely, the application having been made more than 120 days after the filing of the note of issue without any showing of good cause for the delay (*see*, CPLR 3212 [a]; ***Brill v City of New York***, 2 NY3d 648, 781 NYS2d 261 [2004]). In any event, the Court does not read Justice Emerson's prior order as incorporating a finding that the plaintiff justifiably relied on the alleged misrepresentations, only that there was a question of fact as to reliance sufficient to withstand the motion to dismiss.

Dated: JUL 17 2007

J.S.C.

____ **FINAL DISPOSITION** __X__ **NON-FINAL DISPOSITION**