

Goldes Holdings, LLC v Tajco, Inc.

2010 NY Slip Op 30909(U)

April 8, 2010

Supreme Court, New York County

Docket Number: 602684/06

Judge: Shirley Werner Kornreich

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4-12-10
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SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: JUSTICE SHIRLEY WERNER KORNREICH

PART 54

Justice

Index Number : 602684/2006

GOLDES HOLDINGS, LLC

VS.

TAJCO, INC.

SEQUENCE NUMBER : 005

SUMMARY JUDGMENT

INDEX NO. _____

MOTION DATE 1/14/10

MOTION SEQ. NO. _____

MOTION CAL. NO. _____

n this motion to/for _____

| PAPERS NUMBERED |
|-----------------|
| <u>1-2</u> |
| <u>3</u> |
| <u>4</u> |

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this motion

**MOTION IS DECIDED IN ACCORDANCE
WITH ACCOMPANYING MEMORANDUM
DECISION AND ORDER.**

FILED
APR 12 2010
NEW YORK
COUNTY CLERK'S OFFICE

Dated: 4/8/10 JUSTICE SHIRLEY WERNER KORNREICH
J.S.C.

Check one: FINAL DISPOSITION NON-FINAL DISPOSITION
Check if appropriate: DO NOT POST REFERENCE

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: PART 54

-----X
GOLDES HOLDINGS, LLC,

Plaintiff,

-against-

TAJCO, INC., GORAN PILJAC, VISNJA PILJAC,
TATJANA PILJAC DUJMIC, TAMARA PILJAC
STIPPCEVIC, JASENKA PILJAC, TIHANA PILJAC
and ANTE PILJAC,

Defendants.
-----X

KORNREICH, SHIRLEY WERNER, J.:

Index No.: 602684/06

DECISION
and ORDER

FILED
APR 12 2010
NEW YORK
COUNTY CLERK'S OFFICE

This action arises out of a dispute regarding the transfer of patents and chemical compounds being developed to treat certain skin diseases. Plaintiff Goldes Holdings, LLC (Goldes) now moves for summary judgment. Defendants oppose.

I. Background

A. Keith DeSanto Affidavit

In support of its motion, plaintiff submits the affidavit of its managing director Keith DeSanto. Attached to Mr. DeSanto's affidavit are copies of the pleadings, an "Option to Buy Assets," executed between the parties on November 7, 2003 (Option Contract), a "Transfer and Assignment of Patents, Patent Rights, Other Intellectual Property Assets," executed between the parties on May 15, 2004 (2004 Assignment), and two notices to admit, served on defendants in 2007 and 2008.

Goldes is a New York limited liability company. Defendant Tajco, Inc. (Tajco) is a

Virginia corporation. Defendant Goran Piljac, a U.S. citizen who primarily resides in Croatia, is a physician and primary shareholder of Tajco. The remaining defendants, Mr. Piljac's wife and children, also are shareholders of Tajco.

Mr. DeSanto avers that the parties executed the Option Contract on November 7, 2003. The essence of the agreement was for defendants to transfer to Goldes, ownership rights over certain patents, experiments and research to process natural chemical compounds to treat psoriasis and other skin diseases. Goldes would then develop the products in lieu of finding investors to bring them to market. Specifically, the Option Contract gave Goldes 180 days to exercise an option to purchase the patents and related information. DeSanto Affidavit at Exhibit B. In exchange, Goldes agreed to pay Tajco \$15,000 in patent maintenance fees, prosecution costs and attorneys' fees. If Goldes were to exercise its option, the parties agreed to form a new corporation entitled Tadjco Biomedical Research USA (Tadjco Bio). Goldes would own 80% of Tadjco Bio and Tajco 20%. With regard to Tajco's ownership rights, the Option Contract states:

At a minimum, [defendants] shall own 20% of the stock of TADJCO and this percentage of stock shall not be diluted. A provision for non-dilution shall be placed in the charter forming TADJCO. In addition, there are certain contracts listed in Schedule A that are executed on behalf of certain members of [defendants], including Goran Piljac and Tajco, Inc. In addition to ownership interest of [defendants] listed above, [defendants] shall not receive less than 50% of all proceeds forthcoming from any of these executed contracts without regard to the ownership of TADJCO and the transfer of the assets subject of this contract...

[Defendants] do not represent that they have performed or conducted a complete or systematic study or survey of any such patents, applications for patents, studies or experiments.

Id.

Upon the formation of the new corporation, Dr. Piljac agreed to continue his research. In

return, he would receive a monthly salary based upon the funding received and the “knowledge and time” he put in. Goldes was obligated to “act in good faith and to act according to the best business principals with respect to the shareholders, including the minority shareholders, and that the management team of TADJCO shall also act in accordance with these principals.” *Id.*

Goldes exercised its option on or about February 4, 2004. Following execution, the parties entered into the 2004 Assignment. In pertinent part, paragraph 3 of the assignment states:

On 7 November 2003, [defendants] entered into [the Option Contract] with [Goldes]. On 4 February 2004, pursuant to the terms of that Option Agreement, Goldes exercised its option to purchase the assets of [defendants]. Paradigm Biomedical, Inc. (Paradigm) the new company formed pursuant to that option agreement *albeit* with a name change from TADJCO Biomedical Research (USA) Inc. has, by resolution of the Board, caused the transfer of 20% of the ownership of Paradigm in the form of stock to [defendants] and has made clear that the 20% ownership of the [defendants] cannot be diluted, as provided by th Option Agreement. Further, the compensation to Goran Piljac has been effectuated by email from the attorney for paradigm to the attorney for Goran Piljac. It also appears that payment of all patent fees and expenses as set out in the Option Agreement have been complied with. The purpose of this [t]ransfer, therefore, is to effectuate the [defendants’] obligations under the Option Agreement.

For this 20% ownership interest, defendants agreed to assign and transfer their complete rights, title and ownership interest in certain patents and related technologies as described in Schedule A of the assignment.

Mr. DeSanto avers that defendants breached these agreements by failing to transfer all of the data, research and biological materials associated with developing the patents. Consequently, plaintiff filed the instant action alleging six causes of action: breach of contract (first); unjust enrichment (second); conversion (third); breach of condition subsequent (fourth); specific performance (fifth); and for a permanent injunction (sixth). As proof of defendants non-performance, Mr. DeSanto attaches a copy of an email sent by Dr. Piljac to his former counsel

and several others dated October 27, 2007 (October Email). In the email, Dr. Piljac stated:

With full respect for your contribution I could not agree with your proposal to give [Goldes] my and my collaborators nearly 35 years of hard devoted research work and its results. If they were cheated before, they will continue further with or without any settlement. I am ready to sell [Tajco's] rights only with cash in advance and royalty later on.

Id. at Exhibit C. Plaintiff served the October Email on defendants as part of its second notice to admit, dated December 30, 2008. Defendants did not furnish a response.

In their answer, defendants admit executing the Option Contract and assignment but deny plaintiff's allegations that they breached the agreements. They assert several affirmative defenses including waiver, estoppel, ratification and unclean hands. Defendants also assert four counterclaims alleging that plaintiff breached both agreements by failing to: pay Dr. Piljac his salary; issue shares to defendants reflecting their 20% equity interest in Paradigm; place a non-dilution provision in the Paradigm corporate charter; maintain and expand patent coverage; and act in good faith.

II. *Conclusions of Law*

Summary judgment may be granted only when it is clear that no triable issues of fact exist. *Alvarez v Prospect Hosp.*, 68 NY2d 320, 325 (1986). The burden is upon the moving party to make a *prima facie* showing of entitlement to summary judgment as a matter of law. *Zuckerman v City of New York*, 49 NY2d 557, 562 (1980); *Friends of Animals, Inc. v Associated Fur Mfls., Inc.*, 46 NY2d 1065, 1067 (1979). A failure to make such a showing requires a denial of the summary judgment motion, regardless of the sufficiency of the opposing papers. *Ayotte v Gervasio*, 81 NY2d 1062, 1063 (1993). If a *prima facie* showing has been made, the burden shifts to the opposing party to produce evidentiary proof sufficient to establish the existence of a

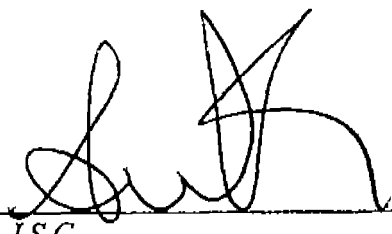
material issue of fact. *Alvarez, supra*, 68 NY2d at 324; *Zuckerman, supra*, 49 NY2d at 562. The papers submitted in support of and in opposition to a summary judgment motion are examined in a light most favorable to the party opposing the motion. *Martin v Briggs*, 235 AD2d 192, 196 (1st Dept 1997). Mere conclusions, unsubstantiated allegations, or expressions of hope are insufficient to defeat a summary judgment motion. *Zuckerman, supra*, 49 NY2d at 562. Upon the completion of the court's examination of all the documents submitted in connection with a summary judgment motion, the motion must be denied if there is any doubt as to the existence of a triable issue of fact. *Rotuba Extruders, Inc. v Ceppos*, 46 NY2d 223, 231 (1978).

Here, plaintiff has not met its burden. Issues of fact exist as to whether or not the parties fulfilled their mutual obligations under the agreements. Plaintiff argues that the language contained within paragraph 3 of the assignment serves as a basis to dismiss all of defendants affirmative defenses and counterclaims. Goldes claims that this paragraph proves that it fulfilled all of its contractual obligations under each agreement. This argument is without merit, since paragraph 3 merely states what Goldes' obligations were. It does not demonstrate that Goldes in fact performed these obligations. Defendants claim, *inter alia*, that plaintiff breached the Option Contract and 2004 Assignment by failing to issue shares reflecting their 20% equity interest in Paradigm (the parties new jointly formed corporation) and place a non-dilution provision in the Paradigm corporate charter. Plaintiff failed to offer any stock certificates, a copy of the corporate charter or other documentary evidence to show that it, in fact, performed these obligations. Plaintiff also argues that it is entitled to summary judgment on all six of its causes of action based upon Dr. Piljac's "admission" in the October Email. Plaintiff argues that Dr. Piljac's statement that he would not give plaintiff "nearly 35 years of hard developed research work and

its results" unequivocally shows that defendants failed to perform their obligations under the agreement, i.e. transfer the ownership of certain patents and provide the materials and techniques to develop them. This argument is misplaced. The elements of a cause of action for breach of contract are: (1) formation of a contract between plaintiff and defendant; (2) performance by plaintiff; (3) defendant's failure to perform; and (4) resulting damage. *Noise in Attic Productions, Inc. v London Records*, 10 AD3d 303 (1st Dept. 2004). As detailed above, Goldes has failed to show that there is no material triable issue of fact as to the second element of breach of contract, i.e. that it tendered performance under the agreements. Accordingly, it is

ORDERED that plaintiff's motion for summary judgment is denied.

ENTER



J.S.C.

DATE: April 8, 2010
New York, NY

FILED
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