These slides are from outside of formal class in Spring 2022. This all is optional content.

Licenses

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What is a license?

What is a license?

- It is a permission or consent for the licensee to do something otherwise within the licensor's exclusive rights. ("Exclusive rights" mean the right to exclude others.)
- It is legally cognizable as an affirmative defense to an action for infringement or misappropriation based on some form of intellectual property (copyright, patent, trademark, trade secret, or right of publicity).

Is a license a contract? What's the difference?

Is a license a contract?

- Many courts say so.

  "A license is a contract."

  Global Communincations, Inc. v. Directv, Inc., 4:12CV651-RH/CAS, 2013 WL 11325041, at *2 (N.D. Fla. Aug. 21, 2013) (patent infringement case)

  "... a license is a contract ..."

  Datatreasury Corp. v. Wells Fargo & Co., 522 F.3d 1368, 1371 (Fed. Cir. 2008) (patent infringement case)

  "... a license is a contract ..."

  Foad Consulting Group, Inc. v. Azzalino, 270 F.3d 821, 828 (9th Cir. 2001)

- But no, a license is not a contract.
- And courts that say a license is a contract are being hasty with language. They couldn't possibly really mean it, because if licenses were contracts, that would create a huge mess.

Some key, practical differences between licenses and contracts:

- Requirement of consideration
  - Contracts need consideration; licenses don't.
- Persons against whom enforcement may be sought
  - Contracts bind only the contracting parties; licenses are good against co-owners and later owners.
- Changed minds
  - Contract law abhors specific performance; yet a license seems to endure as an affirmative defense despite claimed revocation.

Licenses & contracts

Some key, practical differences between lic

- *Christopher M. Newman, A License Is Not A "Contract Not to Sue": Disentangling Property and Contract in the Law of Copyright Licenses*, 98 IOWA L. REV. 1101 (2013) (reviewing scenarios of bizarre outcomes that "would all be fairly straightforward implications of the premise that a license is nothing but a 'contract not to sue[,]'" then stating, "Yet no one, I think, actually believes those arguments should prevail.")
-
- despite claimed revocation.

Licenses & contracts

"[P]racticing lawyers and judges already recognize on some level that a license is not simply a 'contract not to sue.' Yet many continue to pay lip service to this formulation, and it remains enshrined in the leading treatises on copyright and licensing. The result is that sometimes legal actors actually do fall back on the contract theory of license to analyze legal problems, often with inconsistent and counterproductive results."

- Christopher M. Newman, 98 Iowa L. Rev. 1101, 1106 (2013)

Licenses & contracts

So:

- A license can be one thing *exchanged* in a contract (like money, goods, warranties)
- But ...
- A license is not a contract.
- And ...
- There is no such thing as breach of license.

So:

- A license can be one thing *exchanged* in a contract (like money, goods, warranties)
- But …
- A license is not a contract.
- And …
- **THERE IS NO SUCH THING AS BREACH OF LICENSE.**

Contractual remedies vs. IP remedies

IP PITFALL:

Structuring a license agreement so that you can only get contractual remedies instead of IP remedies

Remedies differences

Contract A: "I license the software to you for one year. You agree to pay me $1,000 per month for 12 months."

Contract B: "You agree to pay me $1,000 per month for 12 months. I license the software to you, conditioned upon the receipt of timely payments. If any payment is not made when due, the license ceases."

What happens if you stop payment?

Remedies differences

If you stop payment under Contract A and keep making copies (or otherwise doing things within the exclusive privilege of copyright), I can sue you for breach of contract, but not copyright infringement.

If you stop payment under Contract B and keep making copies (or otherwise doing things within the exclusive privilege of copyright), then I can sue you for copyright infringement as well as breach of contract.

Remedies include ...

©	Injunctions; restitution (of D's wrongful gains); statutory damages up to $150K per infringement
Pat.	Injunctions; royalties; treble damages
TM	Injunctions; punitive damages; treble damages
Trade Secret	Injunctions; restitution (of D's wrongful gains); punitive damages; royalties
Right of Publicity	Injunctions; punitive damages

Remedies include ...

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Trade Secret	Injunctions; restitution (of D's wrongful gains); punitive damages; royalties
Right of Publicity	Injunctions; punitive damages

These are so much better for the plaintiff than mere contract expectation damages!

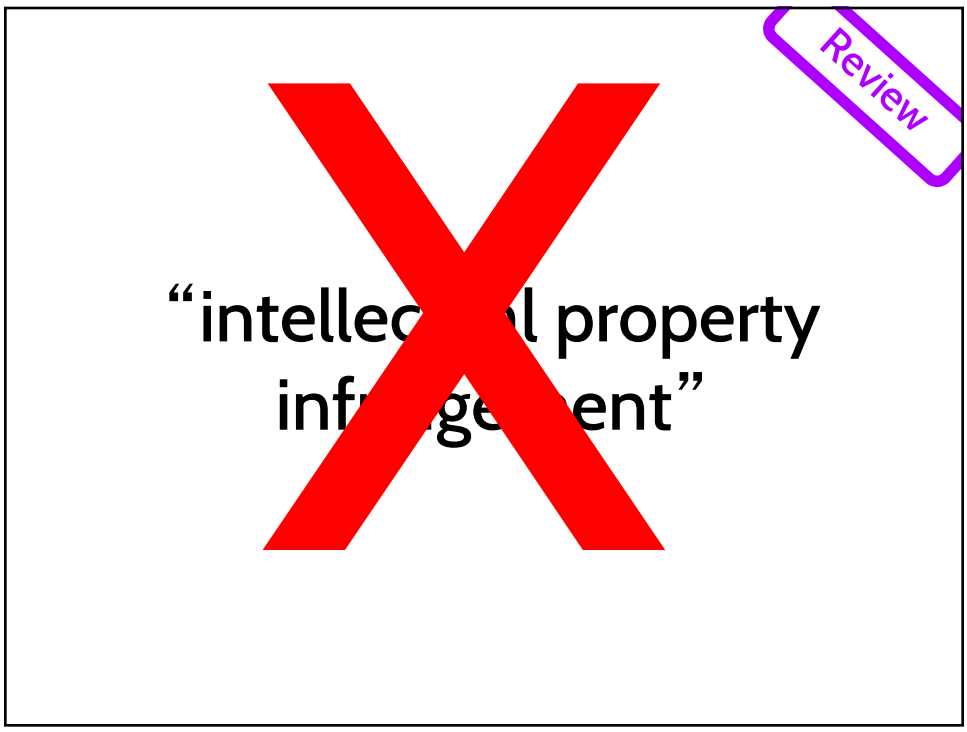
Some key points for keeping things straight

Some key points

- There is no such thing as "intellectual property infringement."
- To be bring an action to exclude someone else from an intangible, the action must sound in copyright, patent, trademark, trade secret, or right of publicity.*
  - * with the possible exception of some extremely rare, idiosyncratic cases that apply to very particular circumstances, and even then doctrines may turn out to be federally preempted. For instance, there may be an action outside of those regimes for real-time, undelayed redistribution of stock quotes.

Review

"intellectual property infringement"



Some key points

- There is no such thing as "title in information."
- Correspondingly, there is no such thing as "trespass to information."
- In the United States, information cannot be owned, as such.
- If you are going to sue someone for copying information, it will need to be done by way of a recognized intellectual property right, such as copyright or trade secret.

Some key points

- There is no such thing as "breach of license."
- If someone has acted beyond the scope of the license, then the licensor might have an action for infringement or misappropriation of some intellectual property right.

Licensing differences among forms of IP

Copyright Licenses

- A copyright can be validly licensed on a non-exclusive basis by any of its co-owners.
- A licensee need only obtain a license from just one co-owner to be protected from liability for infringement.
- There is a duty to account among co-owners.
  - i.e., co-owners must share licensing revenue

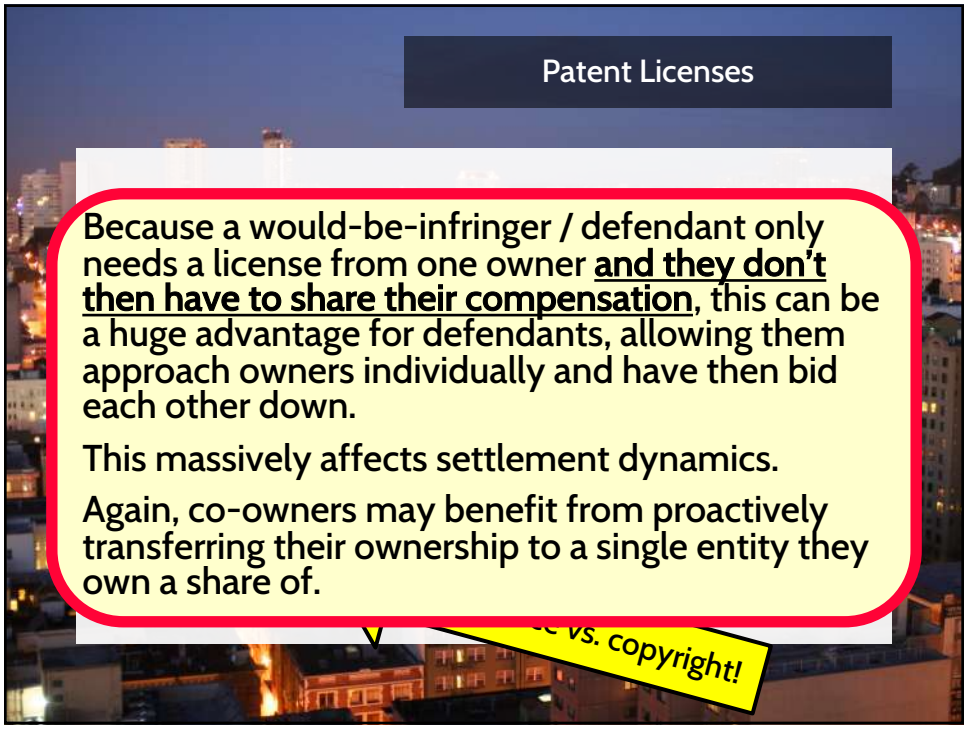
Copyright Licenses

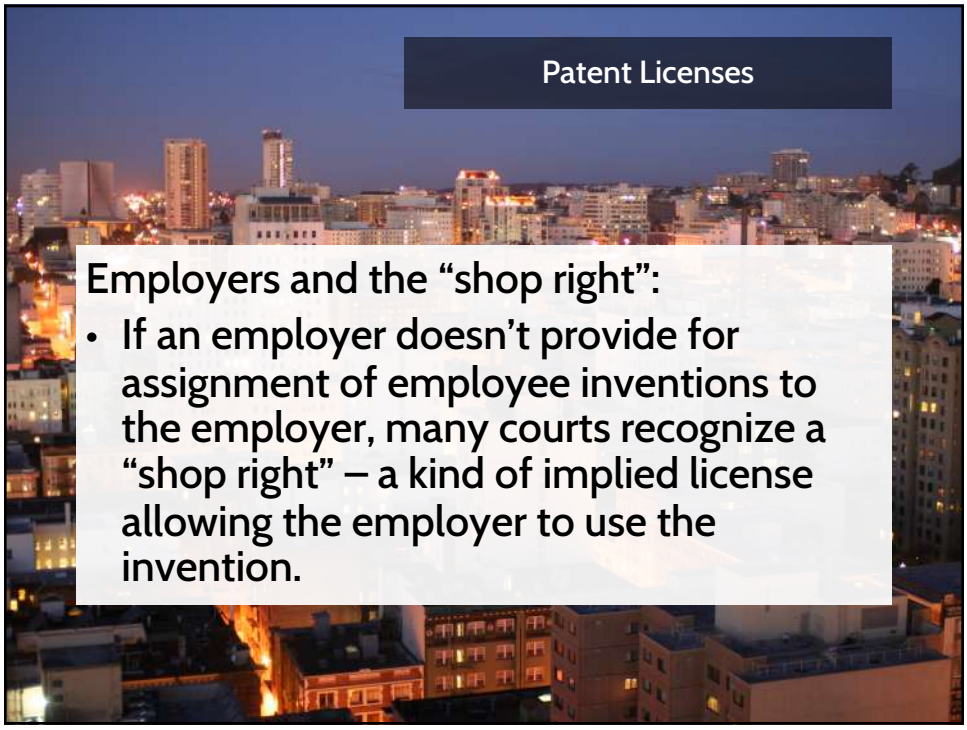
Because a would-be-infringer / defendant only needs a license from one owner, this can sometimes allow a defendant to get a better deal – by approaching owners individually rather than having to deal with them collectively.

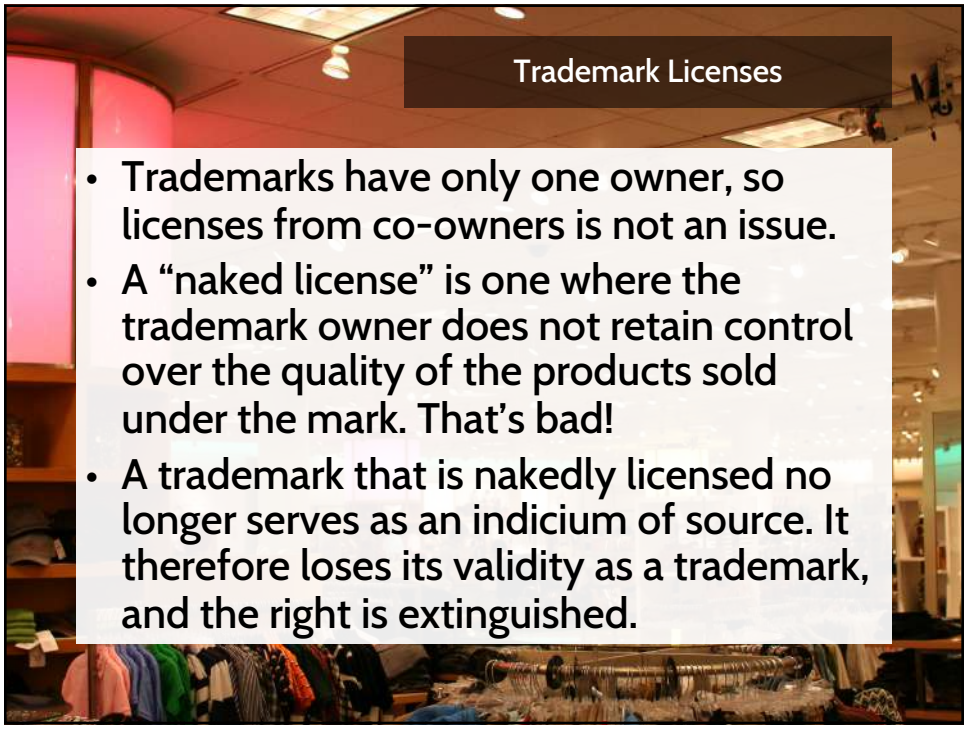
This can affect settlement dynamics.

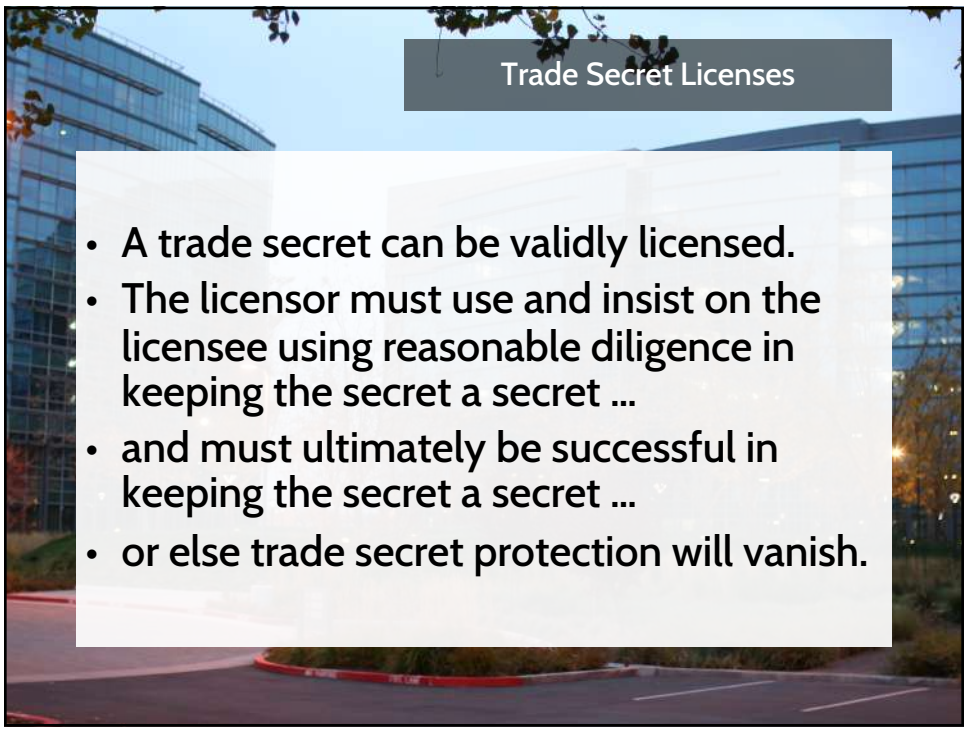
Accordingly, co-owners may benefit from proactively transferring their ownership to a single entity they own a share of.


Patent Licenses
• A patent can be validly licensed on a non-exclusive basis by any of its co-owners.
• A licensee need only obtain a license from just one co-owner to be protected from liability for infringement.
• There is no duty to account among co-owners.
Key difference vs. copyright!


Patent Licenses
Because a would-be-infringer / defendant only needs a license from one owner and they don't then have to share their compensation, this can be a huge advantage for defendants, allowing them approach owners individually and have then bid each other down.
This massively affects settlement dynamics.
Again, co-owners may benefit from proactively transferring their ownership to a single entity they own a share of.


Patent Licenses
Employers and the “shop right”:
• If an employer doesn’t provide for assignment of employee inventions to the employer, many courts recognize a “shop right” – a kind of implied license allowing the employer to use the invention.


Trademark Licenses
• Trademarks have only one owner, so licenses from co-owners is not an issue.
• A “naked license” is one where the trademark owner does not retain control over the quality of the products sold under the mark. That’s bad!
• A trademark that is nakedly licensed no longer serves as an indicium of source. It therefore loses its validity as a trademark, and the right is extinguished.



Express and implied licenses

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Licenses can be express (oral or written) or implied, and be perfectly valid.

Open-source and sharing licenses

Free as in Freedom

creative commons

Sharing licenses

- Open source software licenses enforce sharing-forward of software and keeping code open for others to improve upon
- GPL license is primary example
- Android operating system is an example of open-source licensed software

GPL

- GNU General Public License
- Allows anyone to use
- Allows anyone to make changes so long as they make the changed version available to the public
- Enforces sharing forward
- License behind Linux, Firefox, and much else, including much of the web's backend

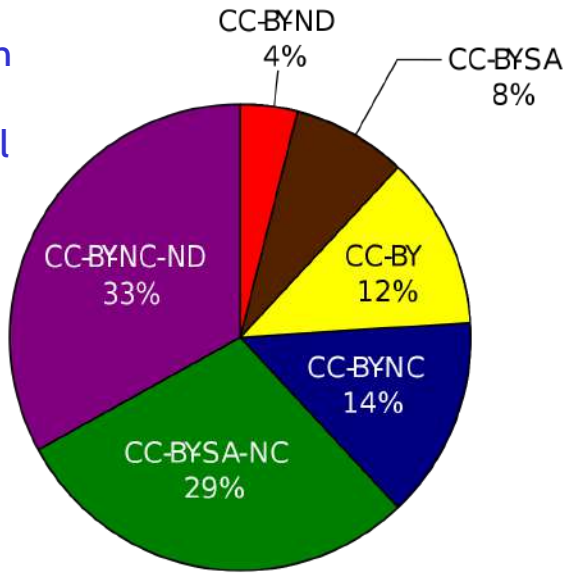
Creative Commons licenses

- Like the GPL, but for entertainment media
- Photographs, text, music, but not software code
- Enforces sharing forward
- Available in different flavors for more sharing or less ...

creative commons

- Attribution
- Non Commercial
- No Derivatives
- Share Alike

Creative Commons on Flickr (from several years ago)



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