General Principles of Licenses

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What is a license?

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- 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 almost certainly don't actually mean that …**

If a license were a contract, all sorts of strange things would come of that.

Consider Anne and Larry …

- Examples from: 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, 1103-09 (2013)

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

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  - abhors specific performance; yet a license seems to endure as an affirmative defense despite claimed revocation.

"The arguments advanced by Anne or Brenda in the above scenarios would all be fairly straightforward implications of the premise that a license is nothing but a "contract not to sue." Yet no one, I think, actually believes those arguments should prevail."
– Christopher M. Newman

"[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)

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

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."

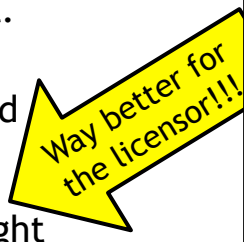
Contract B: "You agree to pay me $1,000 per month for 12 months. I license the software to you, conditioned upon the receipt of timely payments. If any payment is not made when due, the license ceases."

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.



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 be found 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.

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.