

Licensing and Technology Transfer (3 hours)
Professor Nimmer

This course will cover licensing contracts involving information assets, software and online systems. License contracts are a major part of the modern economy as information assets have soared in importance. Yet, a license and the subject matter with which it deals differ fundamentally from transactions in goods or in real estate. We will focus on the major issues of law, we will discuss drafting and business issues affecting modern licensing practice.

Book and Materials:

Raymond T. Nimmer - Licensing of Intellectual Property 2nd Edition 2007
Supplements provided electronically by professor (no cost to students)

Grading:

Final exam: 70% of grade
Attendance and participation: 30%

Office hours:

Two hours after each class; otherwise any time by appointment
Questions answered by email any time

Syllabus:

Detailed set of class daily assignments will be provided no later than one week before class, but may be modified to reflect pace of the class

The topics will include:

Nature of a License and What Informs how courts and Parties View a License:

Licensing contracts blend a mixture of various sources of state law and federal law and policy. We will discuss the case law and statutory provisions that shape what law and perspective applies. We will also discuss differences in how IP lawyers and commercial lawyers view the idea of a license.

Contract Formation: Especially in the software, gaming, online and communications industries, license agreements have been brought into mass market environments. This creates important questions about contract formation that has generated much case law that we will examine as a means of understanding licensing in the modern economy.

Licensing and product distribution: All of the major forms of intellectual property recognize a concept of "first sale", but in general this does not apply to transfers by license. This fact creates numerous policy and business issues. For example, if Apple licenses a copy of an e-book to a customer, does the customer have the right to sell that copy to a friend?

Interpreting Licenses: Like all contracts, licenses are subject to interpretation. The unique character and history of licensing law, however, presents unique interpretation and drafting questions that we will explore.

Exclusive vs Non-exclusive Licenses: In licensing law and practice large differences in rights and obligations exists depending on whether the parties engage in an exclusive license or a non-exclusive one. We will explore the drafting and legal standards relevant to the distinction in patent, copyright and other intellectual property law.

Scope of the license: Especially in respect of licenses that deal intellectual property, defining the scope of the license as compared to mere covenants and other aspects of

the agreement defines the product or values that the licensee receives. Does the license cover use on new technologies? Does it cover having another person make copies or manufacture items for the licensee? These issues distinguish licensing contracts from mere sales of good or of real estate, where the subject matter conveyed is definable by reference to tangible items. Defining scope is both a drafting and a legal policy issue.

Royalties: In some licenses, the “price” paid by the licensee is measured in terms of a “royalty”, rather than a fixed fee or single payment. How one measures the royalty involves a business decision, but also can bring into play various restrictive doctrines of law. We will discuss the business issues and the legal and drafting issues.

Warranties and what quality is promised: A significant level of uncertainty exists about what level of assurances of quality come with an ordinary license, unless disclaimed, and about how any assurances can be disclaimed. If Studio A licenses motion picture X to various theater, what assurances of quality does it give to those theaters? If Company B licenses patented technology Y to Company C, does Company B give any implied assurances that the technology will be effective? What if the license involved a software product?

Breach and Remedies for Breach: When a license involves intellectual property right, breach of the license by a licensee creates issues about blending contract law remedies with remedies that derive from underlying intellectual property law. Can a licensor sue for both, breach of contract and infringement?

Property Limits on Licenses: Policy based restrictions on licensing practice have experienced licensing practices as a floating, changing nature. In the 1960's sharp limits were placed on licensing, especially patent licensing. Some involve a concept of patent (or copyright) misuse, arguing that policies embedded in the federal statutes precluded various contractual practices. While many of these ideas have been discarded, some have not, and they form an important element of licensing law.

Antitrust and licensing: Just as with property rights misuse claims, antitrust claims against types of licensing arrangement. While the intensity of antitrust scrutiny has diminished, special antitrust issues in licensing remain important.

Bankruptcy and Commercial Finance impacts on licenses: Reflecting the economic importance of licensing, these types of arrangements are given special treatment in the federal bankruptcy code and in the commercial financial provisions of UCC Article 9. We will discuss these special rules and what they suggest for drafting and formulating license arrangements.

If time permits, we will discuss planning, drafting and legal issues in one or more of the following:

- Software licensing
- Trademark licensing
- Online licensing
- Trade Secret Licensing