

# Table of Contents

## Volume 1

### CHAPTER 1. INTRODUCTION AND OVERVIEW

#### I. GENERALLY

§ 1:1 Introduction

#### II. AN OVERVIEW

- § 1:2 Definitions of license—Overview
- § 1:3 Definition of a license
- § 1:4 —Commercial practice
- § 1:5 —Passive and active nature of licenses
- § 1:6 — —The passive view and covenants not to sue
- § 1:7 — — —Covenant not to sue as a species of license, not the definition of license
- § 1:8 — —The active view
- § 1:9 — —A comprehensive view reflects modern licensing practice
- § 1:10 —License as contract
- § 1:11 —Conditional and limited nature of licenses
- § 1:12 —Distinguishing among licenses, releases and assignments
- § 1:13 Doctrinal influences on licensing law
- § 1:14 —Primacy of contract influences
- § 1:15 —Relationship between contract and property
- § 1:16 —Relationship between public policy and other influences
- § 1:17 What follows?

### CHAPTER 1A. VARIETIES OF LICENSES: A VERY BRIEF CANVASS

§ 1A:1 Overview of the Varieties of Licenses

#### PART I. AN OVERVIEW

- § 1A:2 Viewing licenses through different prisms—Overview
- § 1A:3 —The patent license example
- § 1A:4 —The trade secret license example

- § 1A:5 —The trademark license example
- § 1A:6 —Licenses extending beyond property rights
- § 1A:7 —Licenses focused on information: the online license example

## **PART II. SPECIFIC TYPES OF LICENSES**

- § 1A:8 Specific types of contracts: in general
- § 1A:9 —Pure intellectual property licenses
- § 1A:10 —Other licenses of information
- § 1A:11 —Franchise agreements
- § 1A:12 — —Article 2
- § 1A:13 — —Federal and State Regulatory Requirements
- § 1A:14 — — —Consequences of franchise law violations
- § 1A:15 — — —What is a “franchise?”: The problem of the inadvertent franchisor
- § 1A:16 — — —Business Opportunity Laws
- § 1A:17 —Development and design agreements
- § 1A:18 — —What background law governs?
- § 1A:19 — —Scope
- § 1A:20 — —Duration issues
- § 1A:21 — —Material development obligations
- § 1A:22 — —Damage Caps
- § 1A:23 — —Exculpation and disclaimers
- § 1A:24 —Software licenses
- § 1A:25 —Data processing contracts
- § 1A:26 —Online access licenses

## **CHAPTER 2. CRUCIAL IMPORTANCE OF FIRST SALE AND EXHAUSTION DOCTRINES TO LICENSING LAW**

- § 2:1 First sale and exhaustion doctrines—Overview
- § 2:2 —Core Elements
- § 2:3 — —Presence or absence of a transfer of ownership
- § 2:4 — —The importance of authorization and transfer
- § 2:5 First sale and Exhaustion doctrines—Copyright cases—The crucial elements of authorization and transfer
- § 2:6 First sale and exhaustion doctrines—Copyright cases—The crucial elements of authorization and transfer—The authorization element
- § 2:7 — — —The transfer element
- § 2:8 — — — —Sale (transfer) vs. license
- § 2:9 — — — —Factors in determining whether a sale (transfer) or licenses is present

## TABLE OF CONTENTS

§ 2:10	— — — — —The importance of contract
§ 2:11	— —Burden of proving first sale
§ 2:12	—Patent cases
§ 2:13	— —The crucial element of authorization
§ 2:14	— — —Restrictions on downstream uses—Pre- <i>Impression Products</i> Federal Circuit cases
§ 2:15	— — — —Pre- <i>Impression Products</i> Federal Circuit cases requiring contractual support for restrictions
§ 2:16	— — — —The Federal Circuit’s decision in the <i>Impression Products</i>
§ 2:17	— — — —The Supreme Court decision in <i>Impression Products</i> —Domestic (US) sales—Core holdings
§ 2:18	— — — —The Supreme Court’s decision in <i>Impression Products</i> —Domestic (US) sales—The crucial elements transactional form, scope and knowledge
§ 2:19	— — — — —Lingering questions
§ 2:20	— — —How precise must the authorization be?
§ 2:21	— — —Proving authorization “by the patent owner”
§ 2:22	— —Exhaustion of method claims
§ 2:23	—If first sale or exhaustion doctrines apply, what may the purchaser do?
§ 2:24	—Application in U.S. to sales made outside U.S.— Copyright
§ 2:25	— —Patents
§ 2:26	—Application to development or design contracts
§ 2:27	—First sale in trademark contracts
§ 2:28	Relationship between rights and tangible property— Right to recover the tangible copy

## CHAPTER 2A. WHAT SUBSTANTIVE LAW APPLIES TO A LICENSE?

### I. GENERALLY

§ 2A:1	Introduction
--------	--------------

### II. SUBSTANTIVE LAW INFLUENCES—CONTRACT

§ 2A:2	General contract law: a study in diversity
§ 2A:3	General contract law: core functions
§ 2A:4	—Enabling rules
§ 2A:5	—Interpretative rules
§ 2A:6	—Default rules
§ 2A:7	—Loss allocation rules
§ 2A:8	—Regulatory and limiting rules

- § 2A:9 Contract law: Common law vs. Statutory law  
sources—Common law: diversity of rules in  
licensing
- § 2A:10 —Statutes: sector-specific law
- § 2A:11 — —Franchisee and dealer protection laws
- § 2A:12 — —Entertainment contract regulation
- § 2A:13 — —Consumer and purchaser protections
- § 2A:14 —Statutes: general contract laws
- § 2A:15 — —U.C.C. Article 2
- § 2A:16 — —General contract law statutes: U.C.C. Article 2—  
Article 2 scope and software
- § 2A:17 Contract Law: Common Law vs. Statutory Law  
Sources—Statutes: general contract laws—General  
contract law statutes: U.C.C. Article 2—Article 2  
scope and software—Absence of tangible medium
- § 2A:18 — — —Wrongly treating “standardized” software  
or software on a tangible medium as a good
- § 2A:19 Contract law: Common law vs. Statutory law  
sources—Statutes: general contract laws—General  
contract law statutes: U.C.C. Article 2—Article 2  
scope and software—Predominant purpose test: in  
general
- § 2A:20 — — — —Predominant purpose test: goods/services  
dichotomy
- § 2A:21 — — — —Predominant purpose: information as a  
third category
- § 2A:22 — — — —Gravamen of the action test: information is  
different
- § 2A:23 — — —Relevance of Article 2 to licensing
- § 2A:24 — —General contract law statutes: Article 2A
- § 2A:25 — —General contract law statutes: UCITA
- § 2A:26 Contract Law: Common Law vs. Statutory Law  
Sources—Statutes: general contract laws—General  
contract law statutes: UCITA—UCITA scope:  
information transactions
- § 2A:27 Contract law: Common law vs. Statutory law  
sources—Statutes: general contract laws—General  
contract law statutes: UCITA—UCITA scope:  
excluded transactions
- § 2A:28 Contract Law: Common Law vs. Statutory Law  
Sources—Statutes: general contract laws—General  
contract law statutes: UCITA—Mixed transactions  
and UCITA
- § 2A:29 Contract law: Common law vs. Statutory law  
sources—Statutes: general contract laws—General  
contract law statutes: UCITA—UCITA: substantive  
provisions

TABLE OF CONTENTS

**III. SUBSTANTIVE LAW INFLUENCES—  
INTELLECTUAL PROPERTY LAW**

- § 2A:30 Influence of intellectual property law on license law
- § 2A:31 —Property rights law as default rules
- § 2A:32 —Collective works
- § 2A:33 —Property laws limiting contract choice
- § 2A:34 —Copyright Statute of Frauds and Termination Rights
- § 2A:35 —Preemption and misuse concepts

**CHAPTER 2B. WHAT STATE’S LAW  
APPLIES?**

- § 2B:1 Choice of law and choice of forum: general issues
- § 2B:2 U.S. choice law rules: no contractual choice made
- § 2B:3 —*Restatement First* of Conflict of Laws
- § 2B:4 —*Restatement Second* of Conflict of Laws
- § 2B:5 —U.C.C. standards: sales and leases
- § 2B:6 —Computer information transactions: UCITA
- § 2B:7 Choice of law: international issues
- § 2B:8 —International treaties, laws, and conventions
- § 2B:9 —Foreign domestic law
- § 2B:10 Choice of law: effect of contract clauses
- § 2B:11 —General enforceability
- § 2B:12 —Statutory limitations—U.C.C. and UCITA
- § 2B:13 —Common-law and restatement rules
- § 2B:14 —Consumer law issues

**CHAPTER 3. CONTRACT FORMATION  
ISSUES**

**I. INTRODUCTION**

- § 3:1 Introduction

**II. CONTRACT FORMATION GENERALLY**

- § 3:2 Agreements as compared to contracts
- § 3:3 Contracts: objective manifestations of assent
- § 3:4 Flexible contract formation rules
- § 3:5 —Open or incomplete terms
- § 3:6 —Different or conflicting terms
- § 3:7 —Mirror-image rule and immaterial variations
- § 3:8 —Material variations or conflicts in terms
- § 3:9 —Performance despite variations in language

- § 3:10 —What are the terms?
- § 3:11 — —Filling in holes: default rules and incomplete contracts
- § 3:12 — —Battle of forms: disagreement on terms
- § 3:13 — — —Common law: mirror image and layered deals
- § 3:14 — — —Battle of forms: conflicting terms and U.C.C. 2-207
- § 3:15 — —Contracting as process: time, terms, and formation
- § 3:16 Quasi-contract obligations

### **III. ISSUES IN THE PRE-CONTRACTUAL RELATIONSHIP**

- § 3:17 Negotiations and contractual obligations
- § 3:18 —Agreements in principle and to negotiate
- § 3:19 —Agreements contemplating later documentation
- § 3:20 Precontract disclosure of confidential information
- § 3:21 —Express terms and public information
- § 3:22 —Nondisclosure and public information
- § 3:23 —Presumption of confidentiality
- § 3:24 —Survival after final agreement or disagreement
- § 3:25 Idea submissions
- § 3:26 —Contract claims
- § 3:27 — —Nonnovel ideas and contracts
- § 3:28 — —Agreements after disclosure
- § 3:29 — —UCITA treatment
- § 3:30 —Preemption
- § 3:31 — —Copyright—General Overview
- § 3:32 — — —Preemption as to matters not technically otherwise subject to copyright protection
- § 3:33 — —Patent
- § 3:34 —Tort and property-based claims

### **IV. STANDARD-FORM LICENSES**

- § 3:35 Standard forms: general functions
- § 3:36 Standard forms: assent
- § 3:37 Standard forms: limiting doctrines

### **V. SELECTED APPLICATIONS IN LICENSING**

- § 3:38 Online transactions: contract formation
- § 3:39 —Electronics as equivalent to writings
- § 3:40 — —Common law
- § 3:41 — —Statutes

## TABLE OF CONTENTS

- § 3:42 —Manifesting assent
- § 3:43 — —Background
- § 3:44 — —Process: Element 1: Action
- § 3:45 — —Process: Element 2: Reason to know that contract terms are being proposed
- § 3:46 — —Process: Element 3: Opportunity to review contract terms
- § 3:47 — —Post-transaction terms
- § 3:48 — —Authority: agency
- § 3:49 — —Authority: electronic agents
- § 3:50 Licenses of widely distributed products
- § 3:51 —Rights owner as third party
- § 3:52 —Timing of assent: upfront
- § 3:53 —Timing of assent: after initial agreement
- § 3:54 —UCITA standards
- § 3:55 Noncontractual analyses

## **VI. ENFORCEABILITY: STATUTE OF FRAUDS AND REGISTRATION RULES**

- § 3:56 Formalities in general
- § 3:57 —Federal statutes of frauds
- § 3:58 —State law statute of frauds
- § 3:59 — —Transactions governed by the U.C.C
- § 3:60 — —Transactions not governed by the U.C.C
- § 3:61 Recording statutes

## **VII. PARTIES AND BENEFICIARIES**

- § 3:62 Parties and beneficiaries—General considerations
- § 3:63 —Primary or named parties
- § 3:64 —Who are beneficiaries of a license?
- § 3:65 —Delegates, agents and others (including those acting under “Have Made” provisions)
- § 3:66 Parties in a changing business context: Acquisition and restructuring transactions

## **VIII. CHALLENGE TO THE (PROSPECTIVE) LICENSE RELATIONSHIP BY THIRD PARTIES**

- § 3:67 Background: Threats by patent owners against another’s licensor’s customers or licensees
- § 3:68 Limits on interference claims: Preemption
- § 3:69 —Background
- § 3:70 —Current State of Doctrines Relating to Preemption of Interference Claims

- § 3:71 Federal unfair competition laws and infringement letters

## CHAPTER 4. INTERPRETING LICENSES

### I. GENERALLY

- § 4:1 Introduction

### II. INTERPRETATION RULES AND APPROACHES

- § 4:2 General approach to contract interpretation
- § 4:3 Ordinary state contract law rules govern
- § 4:4 Structure and policy of contract interpretation
- § 4:5 — Interpretation: express terms and objective intent
- § 4:6 — Interpretation: default rules and policy
- § 4:7 — Influence of images: what “license” means
- § 4:8 — Intellectual property rules and contract interpretation
- § 4:9 — — Property rules as default rules
- § 4:10 — — Property rules and retained rights
- § 4:11 Rules of interpretation and construction
- § 4:12 — Rules related to purpose and commercial context
- § 4:13 — Rules related to the party or interest involved
- § 4:14 — — Interpret ambiguities against the drafter
- § 4:15 — — Interpret to protect the rights holder
- § 4:16 — — Interpret in light of reasonable expectations
- § 4:17 — — Interpret in light of public policy and lawfulness
- § 4:18 — Rules related to manner of presentation
- § 4:19 — — Specific language has greater weight than general
- § 4:20 — — Express grant of one excludes a grant of the others
- § 4:21 — — Interpret the document to be consistent and fully effective
- § 4:22 — — Express language receives preference
- § 4:23 — — Interpret words according to their ordinary meaning
- § 4:24 — Rule of interpretation to avoid absurd results

### III. SOURCES OF INTERPRETIVE MATERIAL

- § 4:25 Extrinsic evidence and the presence of a writing
- § 4:26 — The view that written terms dominate
- § 4:27 — The view that context dominates
- § 4:28 — A brief synthesis of the conflicting views
- § 4:29 Parol evidence rule—In general



## TABLE OF CONTENTS

- § 4:30 — —Final expression and integrated writings
- § 4:31 — —Merger clauses
- § 4:32 Precondition of proven ambiguity
- § 4:33 Selected types of extrinsic evidence
- § 4:34 —Evidence of contract negotiations
- § 4:35 —Evidence of trade use
- § 4:36 —Evidence of course of dealing and course of performance
- § 4:37 —Evidence of law and prior cases
- § 4:38 How open are terms followed by examples? (herein of “including,” “such as,” “for example”)

## CHAPTER 5. EXCLUSIVE LICENSES

### I. GENERALLY

- § 5:1 Introduction
- § 5:2 Type of transaction
- § 5:3 —Assignments
- § 5:4 —Licenses: exclusive and nonexclusive
- § 5:5 —Continuum of rights rather than fixed labels
- § 5:6 Functional analysis of exclusivity
- § 5:7 Terms that create exclusivity

### II. EXCLUSIVE LICENSES: LICENSOR OBLIGATIONS

- § 5:8 Exclusive licensor: implied obligations as to third-party
- § 5:9 —Future licenses
- § 5:10 —Existence of prior licenses
- § 5:11 —Existence of co-owners
- § 5:12 —General attributes of co-ownership
- § 5:13 Exclusive licensor: implied obligations as to third-party interests—Can a co-owner grant an exclusive license?
- § 5:14 —What implied assurances as to co-ownership risks, if any, are provided to the exclusive licensee?
- § 5:15 —Validity or noninfringement
- § 5:16 — —Common law
- § 5:17 — —U.C.C. Article 2
- § 5:18 — —Computer information transactions—UCITA
- § 5:19 Exclusive licensor: obligations relating to its own use
- § 5:20 —Patent licenses
- § 5:21 —Copyright licenses
- § 5:22 —Trademark licenses
- § 5:23 Exclusive licensor: obligations concerning licensee’s use

- § 5:24 Exclusive licensor: obligation to protect value of  
licensed subject matter—General rule
- § 5:25 —Common law default rule
- § 5:26 —Policing other licensees
- § 5:27 —Good faith

### III. LICENSEE OBLIGATIONS AND RIGHTS

- § 5:28 Exclusive licensee obligations and rights—In general
- § 5:29 Exclusive licensee obligations—Obligation to exploit  
licensed rights
- § 5:30 — —Express terms
- § 5:31 — —Implied obligation
- § 5:32 — — —Good faith
- § 5:33 — — —“Best efforts”
- § 5:34 Exclusive licensee rights—Standing to sue—Property-  
based claims
- § 5:35 — — —Exclusive copyright licenses
- § 5:36 — — — —Sufficiency and nature of exclusivity
- § 5:37 — — — —Exclusivity as to one or more but not all  
exclusive rights of a copyright owner
- § 5:38 — — — — —Reservations of rights
- § 5:39 — — — — —Can an exclusive copyright licensee sue for  
infringements occurring prior to the grant?
- § 5:40 — — — —Exclusive patent licenses—General principles
- § 5:41 — — — — —Nonexclusive licensees contrasted
- § 5:42 — — — — —Exclusive licenses without all substantial  
rights
- § 5:43 — — — — —Multiple owners and licensees
- § 5:44 — — — — —Exclusive license not granting “all  
substantial rights”—Patent owner(s) must be joined
- § 5:45 — — — — —Should the suit be dismissed with  
prejudice if the owner is not joined?
- § 5:46 — — — — —If the exclusive licensee does not have all  
substantial rights, must a challenger to the patents  
join the patent owner?
- § 5:47 — — —Exclusive patent licensees—Exclusive license  
granting “all substantial rights”
- § 5:48 — — —Exclusive patent licenses—Exclusive license  
granting “all substantial rights”—Prudential standing  
to sue in licensee’s name
- § 5:49 — — — — —The test for “all substantial rights”
- § 5:50 — — — — —The test for all substantial rights—  
Exclusivity, an essential requirement
- § 5:51 — — — — — —Licensor’s Retention of Right to  
Practice

## TABLE OF CONTENTS

§ 5:52	— — — — — The existence of third party rights to practice patents
§ 5:53	— — — — — The extremely important factor of having a right to sue
§ 5:54	— — — — — What rights retained by a licensor with respect to the litigation do not doom the passage of all substantial rights?
§ 5:55	— — — — — What rights retained by a licensor with respect to the litigation doom the passage of all substantial rights?
§ 5:56	— — — — — Territorial, field of use and claim-limited licenses
§ 5:57	— — — — — The test for “all substantial rights”—Requirement of a writing
§ 5:58	— — — — — Term and termination provisions
§ 5:59	— — — — — Expired patents
§ 5:60	— — — — — Standing determined based upon rights as of filing suit
§ 5:61	— — — — — Can the parties cure a standing problem by a retroactive (“ <i>nunc pro tunc</i> ”) agreement?
§ 5:62	— — — — — Conveying the right to sue for past infringements
§ 5:63	— — — — — Can a licensor that has granted “all substantial rights” still join the suit?
§ 5:64	— — — Trademark licenses
§ 5:65	— — — Contract terms requiring or permitting licensee to sue
§ 5:66	— — — Non-property-based claims—Enjoining third parties for interfering with exclusive rights

## IV. OTHER ISSUES ABOUT EXCLUSIVITY

§ 5:67	Perfecting a transfer of rights
§ 5:68	Timing of transfer of rights
§ 5:69	Validity of exclusive licensor’s subsequent licenses
§ 5:70	Licensor remedies for licensee breach
§ 5:71	Licensee remedies for licensor breach
§ 5:72	Standing and enforcement problems for intellectual property holding companies and corporate groups

## CHAPTER 6. SCOPE OF LICENSE

### I. GENERALLY

§ 6:1	Introduction
§ 6:2	What rights are conveyed

- § 6:3 When rights or privileges vest
- § 6:4 Joint owners and licenses

## II. SCOPE OF LICENSE: GENERALLY

- § 6:5 Nature of scope provisions; covenants compared
- § 6:6 —Scope as defining value
- § 6:7 —What is the consequence of exceeding scope?:  
Infringement? Breach? Both? (Herein covenant vs.  
condition distinction)
- § 6:8 — —General principles relating to covenants vs.  
conditions
- § 6:9 — —Viewing scope as a condition precedent
- § 6:10 — —Viewing scope a contractual term without regard  
to covenant/condition analysis
- § 6:11 — — —An approach to scope
- § 6:12 — — —Contrasting scope provisions and conditions
- § 6:13 — — —Contrasting scope provisions and restrictions  
and other provisions
- § 6:14 — — —Separating breach claims from infringement  
claims
- § 6:15 —Who has burden of proving that scope was exceeded/  
not exceeded?
- § 6:16 —Who has burden of proving scope was exceeded/not  
exceeded?—Cases holding that the licensor has the  
burden of proving that licensee exceeded scope
- § 6:17 — —Cases holding that the licensee has the burden of  
proving that its use was within scope
- § 6:18 Interpretation of scope provisions
- § 6:19 —Different approaches to the interpretative task
- § 6:20 —Ambiguity in scope (herein of multiple transaction  
documents with different terms)
- § 6:21 Defining the licensed subject matter
- § 6:22 —Dealing with existing property
- § 6:23 —Dealing with future property or property in  
transition
- § 6:24 Defining the subject matter of a license—Dealing with  
property in multiple forms
- § 6:25 Rights covered and uses permitted
- § 6:26 —Uses defined primarily by statutory rights
- § 6:27 — —Technical reading of patent licenses
- § 6:28 — —Commercial interpretation approach
- § 6:29 —Licenses that do not use statutory terms
- § 6:30 —Licenses that limit statutory terms
- § 6:31 Field of use restrictions
- § 6:32 Reservation of rights by licensor

## TABLE OF CONTENTS

- § 6:33 Digital systems to enforce scope provisions
- § 6:34 —DMCA: General framework
- § 6:35 —DMCA: Two contexts for application
- § 6:36 —DMCA: Design issues and circumvention
- § 6:37 —DMCA: Relationship to infringement

### III. ADDITIONAL ISSUES OF SCOPE

- § 6:38 Location of use
- § 6:39 Permitted user and “have-made” rights
- § 6:40 —Specific terms defining licensees and users
- § 6:41 — —Subsidiaries
- § 6:42 — —What does the word “personal” mean in a granting clause?
- § 6:43 — —Downstream users and sublicensees
- § 6:44 —Implied right for delegates and agents to use
- § 6:45 —Explicit provisions concerning users
- § 6:46 —“Have made” rights
- § 6:47 Sublicensees
- § 6:48 Modifications and new developments
- § 6:49 —Patent licenses
- § 6:50 —Copyright licenses
- § 6:51 —Ownership issues
- § 6:52 —Grant-back clauses
- § 6:53 Restrictions on distribution and resale

### IV. NEW TECHNOLOGY APPLICATIONS

- § 6:54 New technology—In general
- § 6:55 —Motion pictures, video, and television
- § 6:56 —Coverage of digital uses

## CHAPTER 7. ROYALTIES AND OTHER LICENSE FEES

### I. GENERALLY

- § 7:1 Introduction
- § 7:2 What is a royalty?
- § 7:3 Royalties and industry variation
- § 7:4 Running royalties and allocating market risk

### II. COMPONENTS OF A ROYALTY

- § 7:5 Components of a running royalty
- § 7:6 —Defining the royalty base

- § 7:7 — —Royalty base tied to products
- § 7:8 — —Royalty base tied to transactions with others or to damages recovered
- § 7:9 — —Royalty base tied to property rights
- § 7:10 — —Extended base and duration: policy limitations
- § 7:11 —Royalty rates
- § 7:12 *[Reserved]*

### **III. ROYALTY ADJUSTMENT CLAUSES**

- § 7:13 Most-favored-licensee clauses
- § 7:14 —Triggering events: subsequent actions
- § 7:15 —Notice of the new license
- § 7:16 —Rights or options created
- § 7:17 — —What is a more favorable license?
- § 7:18 — —Option to take new terms
- § 7:19 — —Retroactive or prospective effect?
- § 7:20 —Qualifying transactions: what agreements are covered?
- § 7:21 — —Litigation settlements
- § 7:22 — —Lump-sum payments: treating lump-sum payments as royalties
- § 7:23 — —Royalty-free permissions
- § 7:24 —Drafting considerations
- § 7:25 Royalty escalation clauses

### **IV. EFFECT ON UNDERLYING RELATIONSHIP**

- § 7:26 Breach of royalty obligation
- § 7:27 Obligations of licensee to exploit
- § 7:28 Assignment of the royalties
- § 7:29 Effect of invalidity of underlying intellectual property

### **V. PROTECTING THE ROYALTY AND OTHER LICENSE TERMS**

- § 7:30 Introduction
- § 7:31 Minimum royalties and alternate performance clauses
- § 7:32 Verification procedures and rights (audits, reports and more)
- § 7:33 —Tailoring procedures to royalty rate and base
- § 7:34 —Records and audits
- § 7:35 —Nature of licensee's duty to keep accurate records—  
Tailoring procedures to royalty rate and base
- § 7:36 —Consequences of underreporting royalties
- § 7:37 —Limiting reporting and auditing requirements

## TABLE OF CONTENTS

- § 7:38 —Releases after an audit
- § 7:39 Interpretation of royalty provisions when licensee changes its corporate structure or is sold
- § 7:40 Royalties or other consideration directly or indirectly dependent on the efforts of the licensee (herein of commercially reasonable or best efforts)

## CHAPTER 8. WARRANTIES AND RELATED OBLIGATIONS

### I. GENERALLY

- § 8:1 Introduction
- § 8:2 Express and implied warranties compared
- § 8:3 —Express warranties and express obligations in general
- § 8:4 —Implied warranties and obligations in general

### II. IMPLIED WARRANTIES IN LICENSING

- § 8:5 General rule: no implied warranties
- § 8:6 Title-related implied warranties
- § 8:7 —Nature of title-related obligations
- § 8:8 —Public domain and validity risks
- § 8:9 —Authority risks
- § 8:10 —Co-ownership and exclusivity risks
- § 8:11 —Infringement risk
- § 8:12 —Interference with use risks
- § 8:13 —Payment of royalties after eviction or invalidity
- § 8:14 Implied warranties of quality
- § 8:15 —Informational content and accuracy
- § 8:16 — —Aesthetics and idea content—No implied obligation
- § 8:17 — —Content and accuracy—Limited obligation
- § 8:18 —Services components and obligations in licenses
- § 8:19 Computer software transactions: U.C.C. and UCITA
- § 8:20 —Title-related warranties and noninfringement
- § 8:21 — —Specifications and hold harmless duties
- § 8:22 — —Warranty of noninterference
- § 8:23 — —Exclusive and nonexclusive licenses
- § 8:24 — —Pure patent licenses
- § 8:25 — —Territorial scope
- § 8:26 —Implied warranties of quality—In general
- § 8:27 — — —Merchantability warranty
- § 8:28 — — —Fitness warranties and consulting sellers
- § 8:29 Disclaimers of implied warranty

§ 8:30 Implied obligations related to personalized data

### **III. EXPRESS WARRANTIES IN LICENSING TRANSACTIONS**

- § 8:31 Express warranties in general
- § 8:32 Standards for when express warranty exists: reliance
- § 8:33 —Common-law rules and reliance
- § 8:34 —Basis of the bargain rule: Article 2 and UCITA
- § 8:35 Statements of opinion are not warranties
- § 8:36 Various sources of express warranty
- § 8:37 —Express warranties in the written contract
- § 8:38 —Affirmations of fact and promises
- § 8:39 —Descriptions of the subject matter
- § 8:40 —Samples and demonstrations
- § 8:41 Express title-related warranties
- § 8:42 Express warranties of quality

### **IV. NONWARRANTY RISK-ALLOCATING MECHANISMS**

- § 8:43 Nonwarranty risk allocation
- § 8:44 Nonwarranty risk allocation: indemnities
- § 8:45 —What they are
- § 8:46 —Express or implied
- § 8:47 —When triggered
- § 8:48 —Interpretation and scope
- § 8:49 —Procedure
- § 8:50 —Conclusiveness of former adjudication
- § 8:51 —Collateral influence of indemnities
- § 8:52 Nonwarranty risk allocations: insurance

## **CHAPTER 9. TERMS OF THE LICENSE: SELECTED ISSUES**

### **I. GENERALLY**

§ 9:1 Introduction

### **II. DURATION AND TERMINATION WITHOUT BREACH**

- § 9:2 Duration of the license
- § 9:3 —Duration in absence of agreed terms
- § 9:4 —Default rules



## TABLE OF CONTENTS

- § 9:5 — —Copyright overlay in the absence of agreed duration
- § 9:6 —Express contract terms
- § 9:7 — —Terms that partly regulate termination
- § 9:8 —Express contract terms on duration—Copyright law limits: renewal and cancellation
- § 9:9 — —Express contract term exceeding property rights
- § 9:10 Termination of a license
- § 9:11 —Effect of termination
- § 9:12 Provisions defining consequences of termination (including survival provisions)
- § 9:13 Termination of a license—When termination occurs: termination at will
- § 9:14 — —Limits on at-will termination: good faith
- § 9:15 — —Limits on at-will termination: notice of termination
- § 9:16 —Termination other than at-will
- § 9:17 Irrevocable and perpetual licenses

## III. TRANSFER OF LICENSES

- § 9:18 Assignability of contract rights
- § 9:19 —No agreed term on assignment
- § 9:20 — —State law on nondelegable duties
- § 9:21 — —Article 9 and assignability
- § 9:22 — —Assigning nonexclusive licenses: federal policy
- § 9:23 — —Assigning exclusive licenses
- § 9:24 —License terms that preclude assignment
- § 9:25 —License terms regulating transfer
- § 9:26 —Sublicensing
- § 9:27 Bona fide purchaser of license
- § 9:28 Distribution chains

## IV. CONFIDENTIALITY AND RELATED ISSUES

- § 9:29 Confidentiality and disclosure
- § 9:30 —Retaining the underlying right
- § 9:31 —Enforceability of the term
- § 9:32 No reverse engineering clauses
- § 9:33 —What if there is no clause specifically forbidding a reverse engineering clause?
- § 9:34 —Enforceability—Contractual basis
- § 9:35 — —Public policy limitations
- § 9:36 —Interpretation
- § 9:37 No-comment clauses
- § 9:38 Noncompetition clauses

§ 9:39 Software licensor obligation to provide source code

## V. PROPERTY RIGHTS ISSUES

- § 9:40 No-contest clauses and licensee estoppel
- § 9:41 —Assignor estoppel compared
- § 9:42 —Interaction between the invalidity of patent licensee estoppel and obligations to pay royalties
- § 9:43 —No challenge clauses
- § 9:44 Quality control provisions in a trademark license—  
Naked licensing—Overview
- § 9:45 — — —History
- § 9:46 — — —Effect if no naked license is found
- § 9:47 — — —Contrasting consents to use, settlements,  
allocations of rights to use
- § 9:48 —What is control? How much is enough?
- § 9:49 — — —Quality alone without control is insufficient
- § 9:50 — — —Perfect control is not the standard
- § 9:51 — — —Reasonableness standard
- § 9:52 —Application of reasonableness standard—Factors in  
examining whether sufficient quality control is  
present—The presence or absence of quality control  
provisions
- § 9:53 — — — —Scope and terms
- § 9:54 — — — —Presence alone not sufficient, but absence  
not alone fatal
- § 9:55 — — — —If a provision absent, does the licensor have  
an implied power to superintend use?
- § 9:56 — — —Circumstances and nature of the licensing  
arrangement
- § 9:57 — — —Closeness and history of licensor-licensee  
relationship
- § 9:58 — — —Supplying design, parts, or ingredients
- § 9:59 —Licensee breach of licensor's quality control  
specifications
- § 9:60 —Consequences of failure to exercise control
- § 9:61 —Naked licensing and intellectual property holding  
companies
- § 9:62 Quality control under a trademark license and  
triggering franchise laws (The "Accidental Franchise"  
Problem)
- § 9:63 —Control under the franchise laws
- § 9:64 —Substantive requirements of the franchise laws
- § 9:65 —Consequences of a violation of the franchise laws
- § 9:66 Patent marking issues in licenses

## VI. BEST EFFORTS CLAUSES

§ 9:67 Best efforts—In general

TABLE OF CONTENTS

- § 9:68 —When are best efforts obligations implied?
- § 9:69 —Do best efforts-type clauses impose definite obligations?
- § 9:70 —What is the nature of the obligation imposed by a best efforts-type clause?

## Volume 2

### CHAPTER 10. IMPLIED LICENSES

#### I. GENERALLY

- § 10:1 Introduction

#### II. GENERAL CONCEPT

- § 10:2 The nature of implied license doctrine
- § 10:3 Scope or reach of implied license law
- § 10:4 Federal or state law?
- § 10:5 Categories of implied license
- § 10:6 —Implied-in-law or implied-in-fact licenses
- § 10:7 —Multiple categories: federal circuit cases
- § 10:8 Implied license themes as points on a continuum
- § 10:9 —Licenses or terms from conduct
- § 10:10 —Licenses by construction to complete the contract
- § 10:11 —Licenses implied in law to do justice

#### III. IMPLIED LICENSES AND TERMS BASED ON CONDUCT

- § 10:12 Licenses implied in fact from conduct: generally
- § 10:13 Implied licenses based on estoppel
- § 10:14 Implied-in-fact license: course of performance or dealing
- § 10:15 Implied in fact license: Posting on internet
- § 10:16 Implied-in-fact license: commissioned works
- § 10:17 Implied license as contract: terms and conditions
- § 10:18 —Scope of the implied license
- § 10:19 —Duration of the implied license
- § 10:20 —Exclusivity of implied license
- § 10:21 —Relation to express terms

#### IV. IMPLIED LICENSES BY “CONSTRUCTION”

- § 10:22 Implied licenses by “construction” in general

- § 10:23 Implied licenses to fill necessary parts in express grants
- § 10:24 Rights in employee inventions
- § 10:25 —Copyright and employee licenses
- § 10:26 —Patent and employee licenses
- § 10:27 Contributions to collective works
- § 10:28 Implied licenses upon sale
- § 10:29 Implied licenses upon sale of a patented item—Right to “repair” but not to “reconstruct”
- § 10:30 —Restrictions on use: label licenses
- § 10:31 Sale of unpatented items to practice an invention
- § 10:32 Sales of items embodying trademarks

## **V. “IMPLIED IN LAW” LICENSES**

- § 10:33 “Implied-in-law” licenses in general
- § 10:34 Implied license obligations: unjust enrichment
- § 10:35 After-acquired patents
- § 10:36 Implying a license to overcome a technical legal defense
- § 10:37 Licenses implied to enable remedies
- § 10:38 Payment of damages creating a license

# **CHAPTER 11. BREACH AND REMEDIES FOR BREACH**

## **I. GENERALLY**

- § 11:1 Introduction

## **II. LICENSE BREACH VS NON-OCCURRENCE OF CONDITION**

- § 11:2 License Breach vs. Conditions—What is a breach?
- § 11:3 —What are conditions?
- § 11:4 License Breach vs. Condition—Interpretation to avoid conditions
- § 11:5 — —Where one party controls the event that could satisfy the condition
- § 11:6 — —Failure to make payments
- § 11:7 License Breach vs. Conditions—Scope limits

## **III. BREACH**

- § 11:8 License Breach—General rules
- § 11:9 —No terms defining breach

## TABLE OF CONTENTS

- § 11:10 —Express terms defining breach
- § 11:11 —Cure of the breach
- § 11:12 — —Express terms
- § 11:13 — —Implied rights to cure
- § 11:14 Breach—Waiver and estoppel
- § 11:15 — —Waiver as to past acts
- § 11:16 — —Estoppel as to future acts
- § 11:17 —Promissory waivers and modifications
- § 11:18 — —Contractual assent
- § 11:19 — —Consideration

## IV. TYPE OF BREACH AND CONSEQUENCES OF BREACH

- § 11:20 Breach—Type of breach
- § 11:21 — —Material and nonmaterial breach—General Principles
- § 11:22 — — — —*Restatement (Second) of Contracts*: Interaction between Materiality and Concept of Conditions
- § 11:23 — — — —Other Approaches
- § 11:24 — — — —Policy Conclusions and Example of Use
- § 11:25 — — — —Determining whether a material breach occurred
- § 11:26 — — — —No contractual provision: Defining by Immaterial vs. Substantial Impairment
- § 11:27 — — — —No contractual provision: UCITA Approach
- § 11:28 — — — —No contractual provision: *Restatement (Second)* Contract Approach
- § 11:29 — — — —Is nonpayment material?
- § 11:30 — — — —Motivation as a factor

## V. BREACH AND ITS CONSEQUENCES AND RELATIONSHIP BETWEEN BREACH AND INFRINGEMENT

- § 11:31 Breach and its consequences—Cancellation, rescission, or termination
- § 11:32 —What type of breach justifies non-performance?
- § 11:33 —Contract terms
- § 11:34 — —Defining Breach—Time of the essence clauses
- § 11:35 Relationship between breach and infringement
- § 11:36 —The Crucial distinction between scope and covenants clauses
- § 11:37 —The Crucial distinction between scope and covenant clauses—Exceeding scope

- § 11:38 — —The task of determining whether conduct exceeds scope or breaches another contractual obligation
- § 11:39 —When both breach and infringement are present
- § 11:40 —Conduct after the license ends
- § 11:41 Relationship between breach and infringement conduct after a license ends—Infringement
- § 11:42 Relationship between breach and infringement—Conduct after a license ends—Breach of contract
- § 11:43 —Effects of breach and cancellation on third parties
- § 11:44 Breach and its consequences—Provisions defining consequences of breach and cancellation (including survival provisions)

## VI. NONMONETARY REMEDIES

- § 11:45 Preventing continued use—After a license ends
- § 11:46 —Specific performance and injunctions—Contract principles
- § 11:47 Preventing continuing use—Specific performance and injunctions—Intellectual property laws
- § 11:48 — — —Equitable factors
- § 11:49 — — —Irreparable harm—Pre-*eBay Inc. v MercExchange LLC*.
- § 11:50 — — — —*eBay Inc. v MercExchange LLC*.
- § 11:51 — — — —Post-*eBay Inc. v MercExchange LLC*.—Applying eBay in all intellectual property cases
- § 11:52 — — — — —Applying eBay to preliminary injunctions as well as permanent injunctions
- § 11:53 — — — — —Plaintiff's licensing practices as grounds for finding monetary damages would suffice
- § 11:54 — — — — —Likelihood of success in preliminary injunction actions
- § 11:55 — — — — —Balance of the hardships and public interests factors
- § 11:56 — — — — —When does denying an injunction become the equivalent of a judicial compulsory license?
- § 11:57 Postcancellation: Preventing continued use—Repossession rights: U.C.C. and common law
- § 11:58 Electronic self-help remedies vs. DMCA Limitations
- § 11:59 Electronic Self Help remedies vs. DMCA limitations—Electronic Self Help

## VII. DAMAGES AS A REMEDY

- § 11:60 Damages—Contract vs. intellectual property
- § 11:61 —Contract—General concepts

## TABLE OF CONTENTS

§ 11:62	— —Common-law and intangibles contracts
§ 11:63	— —Damages under U.C.C. Article 2 sales
§ 11:64	— — —Seller's damages
§ 11:65	— — —Buyer's damages
§ 11:66	— —Damages under U.C.C. Article 2A leases
§ 11:67	— —The distinction between material and immaterial breaches and total breach or for partial breach
§ 11:68	— —“Other losses” (herein of consequential damages)
§ 11:69	— —“Other losses”—What are incidental and consequential damages?
§ 11:70	— —Limitations imposed by law—General principles
§ 11:71	— — —Mitigation and volume transfers
§ 11:72	— — —Mitigation and avoidable loss
§ 11:73	— — —Substitute transactions: in general
§ 11:74	— — —Substitute transactions and lost volume
§ 11:75	— — —Uncertainty and speculative claims
§ 11:76	— — —Foreseeability of loss
§ 11:77	—Intellectual property law—In general
§ 11:78	— — —Copyright law
§ 11:79	— — —Patent law
§ 11:80	— — —Reasonable royalties
§ 11:81	—Intellectual Property Law-In General—Patent Law-Reasonable Royalties-Rejection of the 25% Rule
§ 11:82	—Intellectual Property Law-In General-Patent Law-Reasonable Royalties—Post <i>Uniloc</i>
§ 11:83	—Intellectual property law—In general—Patent law—Lost profits
§ 11:84	— — —Trademark law
§ 11:85	— — —Trade secret law
§ 11:86	Problems of double recovery and seeking tort remedies for economic losses
§ 11:87	Problems of double recovery and tort remedies for economic loss—Double recovery for the same injury
§ 11:88	Problems of double recovery and tort remedies for economic losses—Parallel recoveries for injury to property interest and bargain interest are not necessarily double recoveries
§ 11:89	—Double recovery: Application to claims for license fees
§ 11:90	—Claims for fraud and claims for breach

## VIII. CONTRACT LIMITATION ON REMEDY

§ 11:91	Contractual limitations on remedy: general
§ 11:92	Contractual limitations on remedy—Setting standards

- § 11:93 —Public policy limits
- § 11:94 Disclaimers and Fraudulent Inducement
- § 11:95 Terms Disclaiming Recovery for Negligence
- § 11:96 Terms setting a cap on damages
- § 11:97 Contract terms concerning cancellation
- § 11:98 Contract terms liquidating damages
- § 11:99 Terms excluding consequential or special damages
- § 11:100 Terms establishing exclusive remedies

## **IX. OTHER RECOVERIES**

- § 11:101 Attorney's fees and other litigation costs and expenses
- § 11:102 —Contractual provisions
- § 11:103 — —General rules
- § 11:104 — —Awards based on contractual provision when breach of contract and infringement claims brought
- § 11:105 — —Prevailing party
- § 11:106 — —Trial court discretion as to award
- § 11:107 — —Preemption
- § 11:108 —Intellectual property laws
- § 11:109 — —Patent
- § 11:110 —Intellectual property law—Copyright
- § 11:111 —Intellectual property laws—Trademark
- § 11:112 Attorney's Fees and other litigation costs and expenses—Intellectual property law—Who is a prevailing party?

## **CHAPTER 12. CONTRACT LAW DOCTRINES THAT LIMIT LICENSE TERMS**

### **I. GENERALLY**

- § 12:1 Introduction
- § 12:2 Contract law limitations: general themes
- § 12:3 —Standard forms and fully negotiated deals
- § 12:4 —Potentially protected parties
- § 12:5 — —Consumers
- § 12:6 — —Employees
- § 12:7 — —Franchisees
- § 12:8 —Overreaching

### **II. LIMITATIONS BASED ON BARGAINING PROCESS ISSUES**

- § 12:9 Bargaining process regulation: nature of the theme



## TABLE OF CONTENTS

- § 12:10 Unconscionable terms and contracts
- § 12:11 —Unconscionability: what is it?
- § 12:12 — —Procedural and substantive elements required
- § 12:13 — —Adhesion contracts
- § 12:14 — —Protected groups
- § 12:15 — —Determined at contract formation
- § 12:16 —Challenges to certain clauses
- § 12:17 — —Remedy and warranty limitations
- § 12:18 — —Mandatory arbitration clauses
- § 12:19 — —Class-action prohibitions
- § 12:20 Reasonable expectations and refusal terms
- § 12:21 European Union: unfair terms directive

### III. DISCLOSURE AND FORMATTING RULES

- § 12:22 Disclosure and formatting rules: in general
- § 12:23 Disclosure and prior availability
- § 12:24 Conspicuous terms
- § 12:25 Use of required terminology
- § 12:26 Electronic disclosures—E-Sign

### IV. PUBLIC POLICY INVALIDATION OF TERMS

- § 12:27 Fundamental public policy invalidation: generally
- § 12:28 —Case specific variations
- § 12:29 —Weighted balancing
- § 12:30 Public policy invalidation: specific applications
- § 12:31 —Franchise agreements
- § 12:32 —Noncompetition clauses

### V. LIMITATIONS ON PERFORMANCE OF LICENSE

- § 12:33 Unconscionable termination of license
- § 12:34 Good faith in performance

## CHAPTER 13. LIMITATIONS GROUNDED IN PROPERTY LAW

### I. GENERALLY

- § 13:1 Introduction

### II. FEDERAL PREEMPTION ISSUES

- § 13:2 Property-contract interface: nature of preemption
- § 13:3 Types of preemption analyses

- § 13:4 —Express preemption
- § 13:5 —Field preemption
- § 13:6 — —Contract law
- § 13:7 — —Property law
- § 13:8 —Conflict preemption
- § 13:9 Patent law preemption
- § 13:10 —Patent preemption and state property law
- § 13:11 —Patent preemption and contractual relationships
- § 13:12 — —General rule: no preemption of contract rights
- § 13:13 — —*Lear v. Adkins* and preemption
- § 13:14 — — —*Lear* and patent licensee estoppel
- § 13:15 — — —Licensee estoppel in nonpatent cases
- § 13:16 — — — —Trademark licenses—Different approaches
- § 13:17 Patent law preemption—Patent preemption and contractual relationships—*Lear v. Adkins* and preemption—Licensee estoppel in nonpatent cases—Trademark licenses—What is the scope of trademark licensee estoppel?
- § 13:18 Patent law preemption—Patent preemption and contractual relationships—*Lear v. Adkins* and preemption—Licensee estoppel in nonpatent cases—Copyright licenses
- § 13:19 — — —Licensor estoppel
- § 13:20 Copyright preemption: generally
- § 13:21 —Equivalent rights and extra elements
- § 13:22 —Information within copyright subject matter
- § 13:23 Preemption and contract relationships
- § 13:24 —Ordinary contract claims
- § 13:25 —Quasi and pseudo contract claims
- § 13:26 —Conflict preemption analyses

### III. INTELLECTUAL PROPERTY MISUSE

- § 13:27 General misuse doctrine and policy
- § 13:28 Source of misuse policy
- § 13:29 Defense for infringers not harmed by misuse
- § 13:30 Relation between misuse and antitrust law
- § 13:31 Patent misuse doctrine
- § 13:32 —Patent Misuse Reform Act of 1988
- § 13:33 —Modern patent misuse doctrine
- § 13:34 —Misuse doctrine and *Brulotte*
- § 13:35 —Package licenses
- § 13:36 Copyright misuse doctrine

## **CHAPTER 14. ANTITRUST LAW RESTRAINTS ON LICENSING**

### **I. GENERALLY**

§ 14:1 Introduction

### **II. GENERAL FRAMEWORK**

- § 14:2 Statutory framework
- § 14:3 —Sherman Act section 1
- § 14:4 —Sherman Act section 2
- § 14:5 —Clayton Act
- § 14:6 —Robinson-Patman Act
- § 14:7 Antitrust policy
- § 14:8 —General parameters
- § 14:9 —Antitrust versus intellectual property as a framework
- § 14:10 —Federal agency policy
- § 14:11 Method of analysis: rule of reason and per se rules
- § 14:12 —Per se rules
- § 14:13 —Rule-of-reason analysis
- § 14:14 Method of analysis: market and economic power
- § 14:15 —Defining a market
- § 14:16 —Market power

### **III. APPLICATION TO LICENSING: GENERAL ISSUES**

- § 14:17 Scope of property right as an issue
- § 14:18 Ancillary or naked restraints
- § 14:19 Nonprice restrictions: vertical or horizontal
- § 14:20 Price restrictions

### **IV. APPLICATION TO PARTICULAR LICENSING PRACTICES**

- § 14:21 Tying arrangements
- § 14:22 —Product differentiation
- § 14:23 —Economic power
- § 14:24 —Intellectual property
- § 14:25 —Services and systems—Separate products
- § 14:26 — —Primary product lock-in
- § 14:27 —Justifications and exceptions
- § 14:28 Package licenses
- § 14:29 Royalty extending beyond rights

- § 14:30 Patent pools and cross-licensing
- § 14:31 Grant-back agreements
- § 14:32 Exclusive dealing
- § 14:33 Territorial restrictions
- § 14:34 Agreements to not compete and reverse payment settlements
- § 14:35 Territorial restrictions
- § 14:36 Field-of-use restrictions
- § 14:37 Refusals to license
- § 14:38 Monopolization
- § 14:39 Antitrust injury
- § 14:40 Antitrust injury and indirect purchasers

## **CHAPTER 15. FEDERAL BANKRUPTCY AND LICENSES**

### **I. GENERALLY**

- § 15:1 Introduction
- § 15:2 Bankruptcy context: types of proceedings
- § 15:3 —Liquidation proceedings
- § 15:4 —Reorganization procedures

### **II. PROPERTY AND PROTECTION**

- § 15:5 Property of the estate and transfers of rights
- § 15:6 —Intellectual property and licenses
- § 15:7 —Assets transferred or terminated before bankruptcy
- § 15:8 Automatic stay: use and enforcement
- § 15:9 —Post filing cancellation of license
- § 15:10 —Post filing use of property
- § 15:11 Confidential business information

### **III. CLAIMS ISSUES**

- § 15:12 Noncompetition agreements
- § 15:13 —Rejection as an executory contract
- § 15:14 —Discharge of the obligation
- § 15:15 Administrative expense or general claim

### **IV. SALES AND DISTRIBUTION OF ASSETS**

- § 15:16 Bankruptcy asset sales free of interests
- § 15:17 —Sales not in the ordinary course
- § 15:18 —Contesting a completed sale
- § 15:19 Distribution of assets under a plan

## TABLE OF CONTENTS

§ 15:20	Licenses as executory contracts
§ 15:21	—Executory contracts in general
§ 15:22	— —Assumption or rejection
§ 15:23	— —Rights before assumption or rejection
§ 15:24	— —Assignment of contract
§ 15:25	—Executory elements of a license
§ 15:26	—Termination of license prior to bankruptcy
§ 15:27	—Licensor as bankrupt
§ 15:28	— —Effect of automatic stay
§ 15:29	— —Licensor's right to accept or reject
§ 15:30	— —Licensee's rights to use after rejection
§ 15:31	— — —General Principles
§ 15:32	— — — <i>Lubrizol</i>
§ 15:33	— — — <i>Sunbeam Products</i> and the rejection of <i>Lubrizol</i>
§ 15:34	— — — <i>Mission Product Holdings</i> and the burial of <i>Lubrizol</i>
§ 15:35	— — —Section 365(n)'s protection of certain licensees
§ 15:36	— — — —International insolvencies
§ 15:37	—Licensee bankruptcy
§ 15:38	—Licensee bankruptcy and rejection of license— Effect on sublicensees

## CHAPTER 16. SECURED FINANCING AND INTANGIBLE ASSETS

### I. GENERALLY

§ 16:1	Introduction
§ 16:2	Sources of law
§ 16:3	—Federal intellectual property law
§ 16:4	—State law: Article 9
§ 16:5	Scope of revised Article 9: informational property
§ 16:6	—Meaning of “personal property”
§ 16:7	—Royalties and payment streams
§ 16:8	—Issue limits of Article 9
§ 16:9	—Preemption and deference by Article 9

### II. ESTABLISHING A SECURITY INTEREST

§ 16:10	Defining the collateral in law and in the agreement
§ 16:11	—Goods as collateral
§ 16:12	—Intangible assets as collateral
§ 16:13	—Digital assets and computer programs
§ 16:14	Creating a security interest

- § 16:15 —Formalities
- § 16:16 —Subject matter description
- § 16:17 —Covering new developments and technology

### **III. PERFECTION AND PRIORITY ISSUES: INFORMATION ASSETS**

- § 16:18 Filing, perfection, and registration
- § 16:19 —Location of filing under Article 9
- § 16:20 —Copyright interests as collateral
- § 16:21 — —Registered copyrights
- § 16:22 — —Unregistered copyrights
- § 16:23 —Patent rights as collateral
- § 16:24 —Trademarks as collateral
- § 16:25 —Trade secrets as collateral
- § 16:26 Priority issues in intellectual property
- § 16:27 —Ownership and priority
- § 16:28 —Priority among transfers
- § 16:29 — —Article 9 rules
- § 16:30 — —Registered copyrights: security interests
- § 16:31 — —Unregistered copyrights and security interests
- § 16:32 — —Patents and trademarks: security interests
- § 16:33 —Lien creditors and bankruptcy trustees
- § 16:34 — —Copyrights and lien creditors
- § 16:35 — —Patents, trademarks, and lien creditors
- § 16:36 —Subsequent licensees and interests in property

### **IV. LICENSES AS COLLATERAL**

- § 16:37 Licenses and other contracts as collateral
- § 16:38 Licensor's interest as collateral: cash flow
- § 16:39 —What law applies
- § 16:40 —Perfecting an interest
- § 16:41 —Contract restrictions on transfer
- § 16:42 Licensee interest: licensed rights as collateral
- § 16:43 —Assignability in general
- § 16:44 —Creating interests in licensee rights
- § 16:45 Priority issues and licenses as collateral

## **CHAPTER 17. TRADE SECRET LICENSES**

### **I. GENERALLY**

- § 17:1 Introduction

### **II. CONCEPTS OF TRADE SECRET LAW**

- § 17:2 What is a trade secret?

## TABLE OF CONTENTS

- § 17:3 —Basic definitions—State law
- § 17:4 —Federal law definition of trade secret—Defend Trade Secrets Act’s Amendments to the Economic Espionage Act
- § 17:5 —Multifactor test
- § 17:6 — —Secrecy factors
- § 17:7 — —Value and resiliency factors
- § 17:8 Rights and remedies created
- § 17:9 Who “owns” the trade secret and who can enforce it?
- § 17:10 —“Ownership”
- § 17:11 —Standing and enforcement—State law
- § 17:12 — —Federal law—Defend Trade Secrets Act
- § 17:13 Identification of the trade secret
- § 17:14 Equitable relief under state law—Injunction
- § 17:15 Limitation on relief—Good-faith acquisition
- § 17:16 Remedies under federal law—Defend Trade Secrets Act
- § 17:17 Uniform Trade Secrets Act Preemption

## **III. CERTAIN SPECIAL CONSIDERATIONS FOR TRADE SECRET LICENSES**

- § 17:18 Assessing whether the licensed subject matter is a trade secret
- § 17:19 Prelicense disclosures
- § 17:20 Defining confidentiality obligations
- § 17:21 —Supplemental provisions
- § 17:22 —Common exceptions
- § 17:23 —Time limits
- § 17:24 Licensor obligations as to use, disclosure, and transfer
- § 17:25 Grant-backs and derivatives
- § 17:26 Reverse engineering
- § 17:27 Enforcing claims relating to the licensed information
- § 17:28 Provisions relating to the risk of invalidity or infringement
- § 17:29 —Risks associated with prelicense events
- § 17:30 —No-contest clauses
- § 17:31 —Effect of invalidity on licensee obligations

## **CHAPTER 18. FORUM ISSUES: ARBITRATION, JURISDICTION, JUSTICIABILITY AND VENUE**

### **A. OBSERVATIONS**

- § 18:1 General observations on Procedural Issues and Licenses
- § 18:2 Queries

### **B. CONTRACTUAL CLAUSE OF FORUM CLAUSES**

- § 18:3 Contractual choice of forum—Selection of judicial forum
- § 18:4 — — —General contract law interpretation issues
- § 18:5 — — —Scope interpretation
- § 18:6 — — — —Mandatory versus permissive
- § 18:7 — — — —Coverage
- § 18:8 — — — —Effect of termination of license
- § 18:9 — — —Challenges to enforceability
- § 18:10 — — —Unreasonable and unjust clauses
- § 18:11 — — —Unconscionability
- § 18:12 — — —Specific invalidating statutes
- § 18:13 — — —Fundamental public policy
- § 18:14 —Arbitration—General principles
- § 18:15 — —Contractual principles
- § 18:16 — — —Agreement to arbitrate
- § 18:17 — — — —Exception as to certain non-signatories
- § 18:18 — — —When do arbitration clauses in one document apply to disputes arising under another?
- § 18:19 — — —Scope of the arbitration clause
- § 18:20 — — — —“Arising Under” or “Related to” phrases in defining scope
- § 18:21 — — — —Interpreting exclusions from scope
- § 18:22 — — —Who decides arbitrability and validity?
- § 18:23 — — —What is the effect of termination of the license on the arbitration clause?
- § 18:24 — — —Defenses to enforcement of arbitration clauses—Invalidity challenges
- § 18:25 — — —Vacating or appealing from an award—Statutory grounds
- § 18:26 — — — —Cases interpreting statutory grounds
- § 18:27 — — — —Vacating or appealing from an award—Contractually specified grounds



TABLE OF CONTENTS

**C. PERSONAL JURISDICTION ABSENT A CONTRACTUAL TERM**

- § 18:28 General principles relating to personal jurisdiction—  
No contractual term
- § 18:29 Personal Jurisdiction—No contractual term
- § 18:30 — —Long-arm statutes
- § 18:31 Personal jurisdiction—No contractual term—Due  
process requirements
- § 18:32 — — —General vs. specific personal jurisdiction
- § 18:33 — — —Specific personal jurisdiction—Minimum  
contacts—Patent cases
- § 18:34 — — — —Non patent cases
- § 18:35 — — — —Reasonable and fair elements
- § 18:36 — — — —Special rule for cease and desist letters  
and offers to license in patent cases
- § 18:37 — — — — —Requiring a tight nexus between case  
and “other activities”
- § 18:38 — — — — —Letters/offers plus visiting the forum
- § 18:39 — — — —Special issues—Location of a licensee as  
providing personal jurisdiction over licensor
- § 18:40 — — — —Location of a licensee as providing  
personal jurisdiction over a licensor—Patents
- § 18:41 — — — —Location of a licensee as providing personal  
jurisdiction over a licensor—Trademark

**D. JUSTICIABILITY AND SUBJECT MATTER JURISDICTION**

- § 18:42 Justiciability and subject matter jurisdiction—  
General principles
- § 18:43 — —Justiciability
- § 18:44 — —Subject matter jurisdiction
- § 18:45 — — —“Arising under” federal intellectual property  
law and appellate jurisdiction in patent cases
- § 18:46 — — —Diversity jurisdiction
- § 18:47 — —Challenges to justiciability and subject matter  
jurisdiction may be raised at any time
- § 18:48 —Justiciability—“Cases” or “Controversies”—common  
issues in license (or potential license disputes)
- § 18:49 — — —Declaratory judgment actions—Statutory  
background
- § 18:50 — — — —Licensee challenges to intellectual property  
validity
- § 18:51 — — — —Licensee challenges to validity—Post  
*MedImmune* cases

- § 18:52 — — — — —Other issues after *MedImmune*
- § 18:53 — — — — —Declaratory judgments based on license coverage
- § 18:54 — — — — —Special rule in patent cases relating to offers to license and infringement letters
- § 18:55 — — — — —Unilateral grants of covenant not to sue to prevent validity challenges
- § 18:56 — — — — —“Cases” or “Controversies” Unilateral grants of covenants not to sue to prevent validity challenges—General principles
- § 18:57 — — — — —The *Already, LLC v. Nike, Inc.* Decision
- § 18:58 — — — — —Cases where unilateral grant was ineffective
- § 18:59 — — — — —Subject matter jurisdiction—“Arising Under”—Copyright cases
- § 18:60 — — — — —Patent cases—Patent cases versus patent questions
- § 18:61 — — — — —Historical approach
- § 18:62 — — — — —*Christianson* test
- § 18:63 — — — — —License terms referring to patents—Federal Circuit versus other courts
- § 18:64 — — — — —*Christianson Test*—License terms referring to patents—Federal Circuit reformation of *Christianson*
- § 18:65 — — — — —*Gunn* test and restoring Federal-State balance
- § 18:66 — — — — —*Gunn* test—License dispute as not arising under patent law
- § 18:67 — — — — —Federal Circuit narrows *Gunn*
- § 18:68 — — — — —*Medtronic* approach
- § 18:69 — — — — —Trademark and unfair competition claims
- § 18:70 Venue Issues
- § 18:71 Venue—General Federal Venue Statute
- § 18:72 —Copyrighted Patent Cases

## APPENDICES

Appendix A

Appendix B

**Table of Cases**

**Index**