



## 601 - Licensing from the Licensor's Perspective

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## Faculty Biographies

**Lauren Bruzzone**  
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**Donald Conant**  
Senior Attorney  
Intel Corporation

### Jennifer Sanders

Jennifer Sanders is chief division counsel at BEA Systems, Inc., in San Francisco, managing legal matters for the BID Division. Her primary responsibilities include: managing inbound and outbound licensing for customer, partner, reseller and OEM relationships; drafting and updating contract templates; and defining and implementing processes for efficient contract management. Additional responsibilities include providing legal support for marketing, education and the support divisions.

Prior to BEA, Ms. Sanders was associate general counsel for Plumtree Software, Inc., and corporate counsel at Veritas and Sun Microsystems, where she provided legal support in areas including inbound and outbound licensing, open source, and professional services.

She currently serves as on the program committee for ACC's San Francisco Bay Area Chapter.

Ms. Sanders received a B.A. from California Polytechnic State University San Luis Obispo and her J.D. from Boalt Hall, U.C. Berkeley.



### Panel 601: Licensing from the Licensor's Perspective

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**Jennifer Sanders, Chief Division Counsel, BEA Systems Inc.**  
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January 5, 2006

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Sincerely,

Licensor

Agreed to and Accepted:

«First\_Name» «Last\_Name»  
«Job\_Title»

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**The questions that MUST be asked prior to starting a licensing effort:**

- What is the nature of the Deal?
- Who is your client and what are his/her goals?
- Who is the “other side”?
- What is the environment?
- What IP will be licensed?



## What is the nature of the deal?

- License
- Joint Venture
- Development/Work for Hire
- Services

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## Who is your client and what is his/her goals?

- What groups have an interest?
- Who is authorized to participate and negotiate?
- Who is the final decision maker?
- Is there an overall licensing strategy and, if so, does this deal fit with that strategy?
- What are your client's goals, distinguishing between "nice to have" and "deal breaker"?

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## Who is the other side?

- Are their other relationships that need to be taken into account?
- Is the nature of the license adversarial or cooperative?
- Is a counter offer likely?
- Are you working with the appropriate attorneys and/or decision makers?
- What are the other side's goals?

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## What is the Environment?

- Is the deal stand alone or is there another related deal?
- Are there other unrelated deals whose negotiations or fulfillment may be affected?
- If there is more than one deal, is it better to keep them separate or combine them?
- What is the other side likely to try to force?
- Will there be External pressures?

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## What IP will be licensed?

- Can you identify it with specificity?
- Does it already exist?
- Do you (or will you) have clear rights to it?

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## Deal Specific Terms and Conditions

- License Grant/ Restrictions
- Term and Termination
- Enforcement: Verification / Audit
- Indemnity
- Warranty

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## License Grant/ Restrictions

*Be aware of the competing forces: the Licensor wants to define and bound license, the Licensee wants to expand it*

- Can you describe objective license criteria
- Will the license be forward looking or cover past uses?
- Will the license be transferable?
- Will there be a right to sublicense?
- Can additional IP be added later?

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## Term and Termination

- Term of License
  - Perpetual versus specific term
  - Guillotine license or license for life of specified IP which is filed/issued by/created by X Date
  - Date certain end date or possible extension of time

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## Term and Termination (continued)

- Post Termination Rights (or obligations)
  - What are the “wind down” provisions?
  - Is there a need for removal of trademarks, legends, etc.?
  - Are there continuing rights? Are there continuing support obligations?
  - What are the distinctions if the termination is for breach?

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## Enforcement: Verify / Audit

- Is there a right to audit at Licensor's sole discretion?
- What notice is required?
- What frequency is permitted?
- Is the audit On-site?
- Who will perform the audit?
- Who bears costs?
- Will Officer Certification suffice?
- What happens if an audit is failed (i.e. is there a cure period)?
- Can the audit or the certification be done electronically?

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## Indemnity

- What types of claims will be covered?
- What types of damages will be covered?
- Who is providing the indemnification/ who will receive the indemnification?
- What are the requirements to obtain indemnification?
- How do the limitations of liability provision and the indemnification provision interact?

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## Indemnity (continued)

- What are permissible remedies for infringement?
- Are all the alternatives available at Licensor's sole option or is there a hierarchy
- Does Licensee's have an obligation to assist mitigation
- Is Indemnitee required to notify Indemnitor and how quickly?
- Who will control any court actions or settlements
- Are other possible claims or remedies disclaimed?

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## Warranty

- Is there a distinction in warranty offered for existing products (ex.off-the shelf software) versus custom developed products
- Are you including open source in your warranty
- Can you stand behind your warranty?
- Have you considered revenue recognition issues which may arise with extending warranties?
- Will you opt to disclaim all warranties and offer indemnification as the sole remedy?

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## Terms Unique to Specific Types of Licenses

- Patent
- Trademark
- Copyright (Software)

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## PATENT

- Royalty Structure
- Definition of patents to be licensed
- Rights granted under the license
- Extensions (or termination of rights) related to one time events

## TRADEMARK

- Territory
- Definition of Goods and/or Services on which mark will be used
- Instructions on use of trademark
- QUALITY CONTROL
- Notification if another's infringing use becomes known
- Advertising restrictions
- Reverse indemnification from Licensee to Licensor for tarnishment of mark



## Copyright/ Software

- License grant
- Distribution / Sublicense / Hosting
- Development
- Support

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## Specific language: Warranty

- Warranties. Licensor warrants that for a period of ninety days (90) days following delivery to Licensee, and so long as Licensee is entitled to receive Support, the Licensed Software will perform substantially in accordance with the Documentation. Licensor will use reasonable commercial efforts to correct any such failure to perform. If after exertion of such reasonable commercial efforts Licensor is unable to perform such correction, at Licensee's election Licensee may terminate this Agreement [in accordance with Termination provisions] and obtain from Licensor a pro-rata refund of all payments made by Licensee for such non-conforming Licensed Software. Licensor further warrants that the Licensed Software does not include any mechanism that would enable Licensor to disable the Licensed Software or make it inaccessible to an end user once the Licensed Software has been installed, and that to the best of Licensor's knowledge and belief, the Licensed Software is free of any virus, hidden program or intentionally harmful or destructive mechanism or device.

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- E. All approvals by LICENSOR hereunder shall be subject to LICENSOR's judgment, which judgment will not be unreasonably exercised. All material submitted by LICENSEE for approval shall be deemed approved if LICENSOR has not responded to LICENSEE within thirty (30) days following LICENSOR's actual receipt of any such materials.

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