



# Contracts Review and IP Licensing

Law 115 | Week 10 | Lecture 19  
Rachael Vaughn

# Agenda

1. Contracts Review
2. What is a License
3. License vs. Assignment
4. Parties to a License
5. Elements of an IP License
6. Grant Clauses
7. Sample Grant Clause
8. Example

# Contracts Review



A contract is an agreement between two or more parties. To be legally enforceable a contract must have 3 elements:

1. Offer
2. Acceptance
3. Consideration

Contracts can be verbal or they can be in writing

# Contracts Review

When a valid contract exists and one of the parties fails to do something that they promised to do as part of the contract, that party has breached the terms of the contract.

**Question:** What is the difference between a material breach and a regular breach?

**Material breach:** excuses the non-breaching party from performing + allows the non-breaching party to sue for damages

**Any Old Breach:** allows the non-breaching party to sue for damages but does NOT excuse the non-breaching party from performing their duties under the contract

# Contracts Review

## Equitable Remedies

- Specific performance
- Injunction
- Award calculated when monetary damages are too speculative

## Legal Remedies

- Expectation damages
- Reliance damages
- Restitution damages

# What is a License?

A license is a type of contract that permits one party to grant intellectual property rights to another

## Copyright

- Right to reproduce, distribute, import/export, perform and make derivative works

## Trademark

- Right to control the use of her mark as a unique identifier of her product or service

## Patent

- Right to prohibit others from making, using, selling, offering to sell, or importing a product that reads on claims

# License vs. Assignment

What is the difference between an assignment and a license?

**Assignment:** Total transfer of ownership.

**License:** A right to use.

- License may be for several rights or one particular right
- May be exclusive or non-exclusive
- May be transferrable (as in a sublicense) or non-transferrable



# Parties to a License

## License

Licensor: person/entity granting IP rights

Licensee: person/entity receiving rights to granted IP

## Assignment

Assignor: person/entity assigning IP rights

Assignee: person/entity receiving rights to granted IP

# Elements of an IP License



# Elements of an IP License

Other common provisions...



Warranties



Indemnification



Confidentiality



Quality Control

# Grant Clauses

The grant clause in an IP license defines the right being granted. It typically uses “IP verbs” such as...

| IP Verb              | Associated IP Right |
|----------------------|---------------------|
| Reproduce/distribute | Copyright           |
| Make, have made      | Patent              |
| Use                  | Any                 |
| Sell, offer to sell  | Patent, Trademark   |
| Import               | Patent              |

# Sample Grant Clause

**Game License to Developer.** **Publisher** hereby grants to **Developer** a non-exclusive, royalty-free license for the term of this **Agreement** under all of **Publisher's Intellectual Property Rights** to modify, make, have made, use, import, reproduce, have reproduced, and make derivative works of the **Game** solely for **Developer's** internal use in performing its obligations set forth in this **Agreement**, and then only for the benefit of **Publisher**.

# Sample Grant Clause

**Source Code License.** As to **Source Code**, and as to any other **Intellectual Property Rights** **Developer** may own in and to the **Game**, **Developer** hereby grants to **Publisher** an exclusive, worldwide, irrevocable, perpetual, sub-licensable, royalty-free, license under all of **Developer's Intellectual Property Rights** to make, have made, use, import, reproduce, have reproduced, distribute, have distributed, make derivative works of, perform, and display the **Game**.

# Example

After much negotiation, Tony Stark is willing to license the repulsor technology used in the Iron Man armor to S.H.I.E.L.D. for use in improving the flight system for the helicarrier. Tony does not want S.H.I.E.L.D. to be able to sub-license or transfer these rights.



The tech is covered by various patents across the globe and trade secrets, Tony is willing to grant S.H.I.E.L.D. a worldwide license for five years as long as the license is non-exclusive (he wants to be able to generate revenue by licensing the tech in other fields).

# Example: Defined Terms

**Licensor:** Tony Stark (or more likely Stark Industries)

**Licensee:** S.H.I.E.L.D.

**Repulsor Tech:** repulsors and repulsor technology associated with the Iron Man armor

**Licensed Patents:** any and all patent applications and granted patents owned or controlled by the Licensor that cover the Product Licensed Technology:

**Licensed Technology:** all Repulsor Tech owned or licensable by Licensor at any time

# Example: Grant Clause



Stark Industries ("Licensor") hereby grants to S.H.I.E.L.D. ("Licensee") a worldwide, non-exclusive and non-transferable right (without the right to grant sublicenses) to use the Licensed Patents and the Licensed Technology for flight applications in helicarriers for a period of five (5) years.