

# What is a software license?

A software license is a document that provides legally binding guidelines for the use and distribution of software.

Software licenses typically provide end users with the right to one or more copies of the software without violating copyrights. The license also defines the responsibilities of the parties entering into the license agreement and may impose restrictions on how the software can be used.

Software licensing terms and conditions usually include fair use of the software, the limitations of liability, warranties and disclaimers. They also specify protections if the software or its use infringes on the intellectual property rights of others.

Software licenses typically are proprietary, free or open source. The distinguishing feature is the terms under which users may redistribute or copy the software for future development or use.

## EXAMPLES

*Microsoft Windows is software with a proprietary license. The license for Microsoft products restricts users from reverse engineering, distributing the software to multiple users and publishing benchmarks, among other actions.*

## How do software licenses work?

A software license is a document that states the rights of the developer and user of a piece of software. It defines how the

software can be used and how it will be paid for. The following are some examples of specifications a license might include:

- how many times the software can be downloaded;
- what the software will cost; and
- What level of access users will have to the source code?

Licenses typically are expressed as an end-user license agreement or an enterprise license agreement. The license is a contract between the user or user organization and the developer. It defines the terms of the license. A user must agree to the terms of the license when acquiring the software.

Software also comes with a license key or product key. The key is used to identify and verify the specific version of the software. It is also used to activate the software on a specific computer OR device.

## **Why software licenses are important**

A software license establishes the rights of all parties involved with the software: the author, the provider and the end users. It defines the relationship between the software's company and users and explains how they are protected.

## **How license agreements protect developers**

1. They protect developers' intellectual property and trade secrets based on copyright laws.
2. They limit what other parties can do with the covered software code.
3. They limit the liability of the vendor.

## How license agreements protect users

- ❖ They define what users can do with software code they did not write.
- ❖ They establish how users stay in compliance with software licenses, protect themselves from infringement claims and limit their legal liability.
- They help users maintain a positive relationship with software developers and vendors.
- They prevent overspending on licenses by establishing clear parameters of how many licenses and organization needs.

## What are the different types of software licenses?

There are two general types of software licenses that differ based on how they are viewed under copyright law.

1. **Free and open source software (FOSS) licenses** are often referred to as open source. FOSS source code is available to the customer along with the software product. The customer is usually allowed to use the source code to change the software.
2. **Proprietary licenses** are often referred to as closed source. They provide customers with operational code. Users cannot freely alter this software. These licenses also usually restrict reverse engineering the software's code to obtain the source code.

NOTE;

An open source contributor license agreement is different from a software license agreement.

A more detailed list includes five types of software licenses. It makes finer distinctions among various types of open source licenses and proprietary licenses. This list includes the following:

- **Public domain.** This software is freely available. Anyone can use and change it or incorporate code from this software into an application. However, businesses should use caution as altered code may not meet enterprise quality and security standards. Companies should be wary of ambiguous licenses that appear to be public domain but do not explicitly say so.
- **Lesser general public license.** Developers can link to open source libraries within their software and use any licensing type for the code.
- **Permissive.** This type of license will establish some requirements for distribution or modification of the software. It also has requirements for preserving license notices, copyrights or trademarks. There are several variations of permissive licenses, including Apache, BSD (Berkeley Source Distribution) and MIT licenses.
- **Copy left.** Licensed code may be distributed or modified as part of a software application or project if all code involved is distributed under the same license. New products containing old code with a copy left license must comply with the restrictions laid out in the old code's license.
- **Proprietary.** This is the most restrictive license type. Proprietary software licenses make it illegal to copy,

modify or distribute the software. These licenses provide the software owners with the most protection from unauthorized use of the software.

. Different software licenses enforce different levels of restrictions on users' ability to copy, modify and distribute code. See the five most common types

## **What does a software license agreement include**

End-user license agreements typically include basic information about the parties entering the agreement, such as full names of the parties' involved, contact information and address of the parties. It also likely includes information on the following:

- when the conditions of the agreement go into effect (i.e., the moment the user accepts the terms and conditions);
- charges owed per user;
- the duration of the agreement;
- terms of cancellation and terms for recovery of charges if cancelled during the period covered by the original agreement;
- distribution permissions and limitations;
- user rights for copying the software and making modifications;
- software performance guarantees;
- the number of eligible users;

- maintenance, upgrades and support that is included;
- how many devices will be allowed to use the software;
- disclaimer of warranties;
- transferability of the license to another business or person;
- exclusivity or non-exclusivity of the software to any one customer; and
- governing law and which entity will have jurisdiction over legal disputes about the license