Legally Speaking: Intellectual Property Roundup

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License agreements have become a major part of the practice of librarianship. We talk casually about licensing as if it is something that "everybody" knows about, yet we usually don’t think about the terms in the license until the actual agreement is on the table.

A license for intellectual property is first and foremost a contract, and as such it is similar to any other type of contract. It may be as broad or as narrow as the parties wish. But it must be a “meeting of the minds,” so that both parties have the same understanding of each provision. Remember: if a provision isn’t written in the license agreement, it doesn’t apply!

Because there is a need for greater understanding of license terms, Kara Phillips has provided some tips on drafting license provisions to the readers of Against the Grain. She also shares the results of a survey on which terms are easiest or most difficult to negotiate and a comprehensive bibliography on licensing materials prepared for a presentation for WESTPAC 2006 (the Western Pacific Chapter of the American Association of Law Libraries) along with Tracy Thompson, Executive Director of the New England Law Library Consortium, and Barbara Cronwell Holt, Director of Library and Research Services at Perkins Cote Law Firm. This work will prove extremely useful to the readers of Against the Grain. Librarians and publishers alike will learn from the comments provided by survey respondents.

I will be guest editing a special issue of Against the Grain in September 2007 which will deal with licensing in all its many forms. I am currently soliciting articles. If you are interested in writing about licensing, please be sure to contact me. My email address is <bryan.carson@wkzu.edu>.

Before we get to Kara’s article, I have a few items to mention that have occurred since the last issue of Against the Grain. By coincidence, the first two items both occurred on the same day, October 26, 2006. Perhaps the stars were aligned that day.

On October 26, 2006, President Bush signed into law the Federal Trademark Dilution Revision Act of 2006. Pub. L. 109-312, 120 Stat. 1730. This statute was one of the ones I discussed in the September 2005 issue of Against the Grain. The statute has not changed substantially since I wrote about it. Although some will be happy and some will be sad, the Federal Trademark Dilution Revision Act is an important piece of legislation that should be studied by anyone who deals with trademark issues.

Also on October 26, 2006, the 2nd Circuit Court of Appeals decided a very important copyright case. In Blanche v. Koons, 2006 U.S. App.Lexis 26286, Docket No. 05-4633, the court ruled that a photograph image used by an artist in a painting constituted fair use because the use was transformative. Although some of the ruling was fact-specific, the case provides guidance on the difficult issue of whether a transformative use constitutes fair use. The facts of the case — as stated in the opinion — are as follows:

The Blanche photograph used by Koons in “Niagara” appeared in the August 2000 issue of Allure magazine. Entitled “Silk Sandals by Gucci” (“Silk Sandals”), it depicts a woman’s lower legs and feet, adorned with bronze nail polish and glittery Gucci sandals, resting on a man’s lap in what appears to be a first-class airplane cabin. The legs and feet are shot at close range and dominate the photograph. Allure published “Silk Sandals” as part of a six-page feature on metallic cosmetics entitled “Gilt Trip.” . . . Koons scanned the image of “Silk Sandals” into his computer and incorporated a version of the scanned image into “Niagara.” He included in the painting only the legs and feet from the photograph, discarding the background of the airplane cabin and the man’s lap on which the legs rest. Koons inverted the orientation of the legs so that they dangle vertically downward above the other elements of “Niagara” rather than slant upward at a 45-degree angle as, they appear in the photograph. He added a heel to one of the feet and modified the photograph’s coloring. The legs from “Silk Sandals” are second from the left among the four pairs of legs that form the focal images of “Niagara.” Koons did not seek permission from Blanche or anyone else before using the image.

The court reminded us that merely finding a “new way to exploit the creative virtues of the original work” does not constitute a transformative use. However, “Koons asserts — and Blanche does not deny — that his purposes in using Blanche’s image are sharply different from Blanche’s goals in creating it . . . Koons is, by his own undisputed description, using Blanche’s image as fodder for his commentary on the social and aesthetic consequences of mass media. His stated objective is thus not to repackage Blanche’s ‘Silk Sandals,’ but to employ it ‘in the creation of new information, new aesthetics, new insights and understandings.”

Quoting Campbell v. Acuff-Rose Music, Inc (the 2 Live Crew case), the court stated that “The test for whether ‘Niagara’s’ use of ‘Silk Sandals’ is ‘transformative,’ then, is whether it ‘merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.’”

Blanche v. Koons is an important decision, not only because it explains the meaning of “transformative use,” but also because it provides guidelines to follow. I recommend this case to anyone who is interested in making a transformative use of copyrighted material.

For those of you who are looking for more background material on legal issues, my new book, The Law of Libraries and Archives, will be available from Scarecrow Press on December 28. Listing at $65, the publisher has discounted it to $55 for pre-orders. The ISBN is 0-8108-5189-X.

And now, without further ado, here is Kara Phillips’ article on Crafting License Provisions.

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Crafting Licensing Provisions

by Kara Phillips (Collection Development Librarian/Associate Director, Seattle University Law Library)

In an ideal world, every vendor licensing agreement would be perfect, based upon the many model license agreements currently available. Because of the time involved in redrafting, a poorly drafted license—especially one that does not consider library needs—may cause a librarian to weigh the necessity of licensing the product at all. This includes revising, submitting it to the library’s legal counsel for review, determining who on the vendor side has authority to approve the revisions (not usually the salesperson) and going through the often protracted negotiation process to get a final, signed license agreement. All the while, library patrons are waiting for the electronic product and do not understand the time involved in licensing the product. In the end, the librarian may choose to find a compatible product from a vendor who offers a better license or to try licensing through a consortium or on a different platform. If you are a librarian choosing to redraft a license, you may want to ask the following questions:

• How much time can be devoted to the process?
• Does the product need to be available immediately?
• Is it important to mentor the vendor licensor about library licensing needs?
• Is there a vendor representative who has the authority and experience to consider revisions?
• Is the vendor licensor amenable to revisions?
• How many provisions need redrafting; can you focus on the most onerous provisions?
• Can you work with the vendor license to redraft or do you need to start from scratch?
• Are you comfortable redrafting and suggesting changes or do you need to work with library counsel?
• How important are the changes for your patrons, your institution and for optimal usage of the product?

If the librarian opts for redrafting, here are some things to keep in mind:

• Query the vendor licensing representative generally about the kinds of provisions they have the flexibility to change (e.g., governing law may be easier than indemnification).
• Ask for an electronic copy of the license to work from.
• Don’t reinvent the wheel. Scan model license agreements, books and Web resources for suggested terminology.
• Review your existing licenses for library friendly language and anonymously quote competitor language to the vendor. (Vendors take their competition seriously).
• Ask someone from your institution to review the changes.
• Be able to justify your changes; ask the vendor to explain their provisions.
• Do not accept a change or clarification via phone or email; put it into the contract.
• Establish a consistent and clear way to communicate proposed changes in writing (e.g., If the vendor is using strikeout and you are using colored font, this could be a confusing).
• Strike out provisions when appropriate.
• Add in definitions when clarification is needed or when you are revising the same term over and over again.
• Make a contentious provision more palatable to both sides by softening the language (e.g., “will use reasonable efforts”) or by making it reciprocal (e.g., “both parties may”).

Most of all, keep a sense of humor and be patient!

In September 2006, several discussion lists were polled to determine which licensing provisions and/or requests are the easiest to negotiate and which are the most difficult. What follows is a summary of the responses, ranging from terms which are easy to negotiate to terms that are difficult.

TERMS THAT ARE EASY TO NEGOTIATE

Additional Content: Easy

For vendors that have a lot of content and sell access to various portions of it, additional content can be part of the bargaining process. For instance, a proposal of a certain amount of content at a certain price doesn’t seem like a good value, but additional content at the same price might be. — Law Firm Library

Cancellation: Easy

I have also had good luck with several of the larger vendors in getting the clause about cancellation of service modified. We usually are able to have added language that allows us to cancel the agreement, without penalty, should our financial situation change suddenly. I have several multi-year contracts. I cannot control my budget year to year (that is done by the Legislature), A few times in the past our budget has been reduced by 5% or more from one year to the next. I need the ability to get out of the agreement when I truly have no money to pay and have no options for obtaining the money. — Court Library

Certifications Required for State Contracts: Easy

These are anti-bribery, drug-free work-place, and other guarantees...they’re required on ALL contracts with the State without exception, so I tell Vendors I don’t have any discretion to modify them except to insert “to the best of Licensee’s knowledge, Licensor certifies that...” — Academic Law Library

Competition: Easy

It may seem slimy, but when there is more than one vendor for a specific service...I always let the reps know that I’ve been talking to the other guy and I have no shame about asking for an offer from one rep and then going back to the other rep and asking if they can beat that. One can go back and forth several times and get a pretty good deal before you hit the bottom of what they are willing to give. — Law Firm Library

News: Company: Easy

It is much easier to work your concerns into an agreement with a new company or one who is new with electronic publishing. — County Law Library

Notification: Easy

Changing the number of days for notification is usually easy to do as well (being in Canada, it is wise for us to add a few days, just to be on the safe side); crossing the border can add a few extra days for print mail. — Canadian Academic Law Library

Technical Support: Easy

For basic technical support...do you get it with the contract or do you pay for the service (I would balk at agreeing to pay for support as needed with most suppliers making it part of the package). — Law Firm Library

Training: Easy

Most vendors will offer unlimited training at no additional charge with a good flat-fee contract. One should be prepared to ask about such perks. — Law Firm Library

Usage Tracking: Easy

I do like individual logins so that usage can be tracked and hopefully billed to clients...some services just have to be pay-as-you-go, good tracking is very, very necessary in that case. — Law Firm Library

TERMS OF MODERATE DIFFICULTY TO NEGOTIATE

Access: Moderate Difficulty

I have had trouble, also, with negotiating the type of access I need. I am not going to manage and pass out individual passwords...I want a single, simultaneous-user embedded login. The users should come to my centralized server and simply click a link to obtain access. Any password access is handled behind the scenes. Along with ease of use for my users, I don’t see why vendors can’t see the security factor of the access. — Court Library

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IP address recognition is pretty standard so there are fewer licenses that talk about simultaneous users or user limits.
— Academic Law Library

Authorized Users — Walk-in: Moderate Difficulty

In a library that is open to the public, we have no control over walk-in-traf- fic. We always try to include on-site walk-up users as part of the authorized group, even when we know that it may be a rare occurrence. We simply have no way to monitor it, and we don’t want to be responsible for a violation. Most of the time when we explain that, it is not a problem, but occasionally it is. — Academic Law Library

Authorized users, including walk-ins, is normally fairly easy to negotiate; the wording in licenses these days is often very close to what we want. — Academic Law Library

Confidentiality Clauses: Moderate Difficulty

I have generally found the change in the non-disclosure clause to be the easiest. We are a public entity and make it clear that we are subject to FOIA regardless of what the clause says. Usually I can get the language changed to read that we will not disclose unless required to under provisions of the law. — Court Library

The biggest sticking point, which we won, was the removal of the confidentiality clause. I couldn’t figure out why [the publisher] was so adamant on that — we were paying their standard rate, no special prices. If it is not like we “won” a lot from [the publisher] with our license that would weaken them for future agreements with others. Confidentiality is one clause that is a deal breaker for us. — Academic Law Library

Course Packs/Electronic Reserves: Moderate Difficulty

Use of course packs and electronic reserves is a fairly big thing...we try to include these in the licenses we sign... about one fourth of the time, these provisions appear in an acceptable manner in a license; another one fourth of the time, they are dealt with but not completely to our satisfaction; the rest of the time, they are absent. When we try to get these uses added, about half the publishers are OK once we have described what we are referring to (non-commercial, term or course-length use) while the rest are not. — Academic Law Library

Interlibrary Loan: Moderate Difficulty

The other item we got was an ILL clause for secure electronic transmitting. — Academic Law Library

The second [difficult] area is the use of the resource for interlibrary loan purposes — some vendors seem to assume that the ease of electronic transmission of files means that we will act differently than we do with print resources. It is hard to assure that we have the same safeguards in place. — Academic Law Library

We have had issues with various vendors wanting to be strict in their template language ... more readily with regard to ILL. — Library Consortium

Jurisdiction: Moderate Difficulty

Jurisdiction is also a hit-and-miss proposition. Ideally, we would like a Canadian jurisdiction and Canadian courts. Now and then, we get this, but most of the time, we have to go with other solutions. Sometimes going silent on jurisdiction will work, sometimes having a line that indicates jurisdiction base on who is bringing the complaint will work. — Canadian Academic Law Library

Choice of Law (state schools often cannot bow to another state’s law — sometimes they delete the choice of law statement entirely (a less desirable option). — Academic Law Library

One area that we rarely have trouble negotiating is in changing the governing law provision. We always propose a neutral state, such as New York or Dela-

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ware, and that is rarely an issue with our vendors. — Corporate Library

We appear to have passed the hurdle about venue with enough vendors understanding no state is going to relinquish their State’s rights to another site (state or national government). — Library Consortium

Third Party Use Restrictions: Moderate Difficulty

We experience one other issue when we buy catalog records and have to sign a license agreement. There is always a “no third-party use” clause or something like that, and we always have to explain that we are part of a consortium of 8 libraries so our catalog records are part of a consortial OPAC. It is usually not a problem when we explain the situation, but it is like the vendors have not thought about that possibility even though it must be fairly common. — Academic Law Library

TERMS THAT ARE DIFFICULT TO NEGOCIATE

Authorized Users: Difficult

Many of the vendors want real tight control on users...They want you to identify all users, or potential users, and only provide access to those who will use it...I host most of our access on a centralized server. I can control which user groups have access to the application...but often I cannot tell you exactly which specific users will use it. I can only provide a rough estimate of number of users. — Court Library

Damages: Difficult

Some of the boilerplate non-IP things, such as damages [are more difficult]. — Academic Law Library

Indemnification: Difficult

Mutual indemnification can also be a difficult thing to arrange. Some publishers provide this out-front in their licenses but others do not. — Academic Law Library

Changing the indemnification clauses to make it less severe for us [is difficult]. — Academic Law Library

Indemnity clauses have proven to be the most difficult to negotiate. This is usually because the vendor is unwilling to accept the same risk as the purchaser. We have had vendors refuse to be willing to indemnify us if something goes wrong due to their gross negligence or willful misconduct. It’s as if they are telling us that, though they can’t guarantee that nothing like this will happen, but if it does, they’re washing their hands of any responsibility. It makes my lawyers crazy. — Corporate Library

Multi-site Licenses: Difficult

Some vendors allot a few IP spaces, and if you exceed them, they give you a multi-site license, which multiplies your costs. — Academic Law Library

Patriot Act: Difficult

Licenses emanating from American-based publishers or from non-US-based publishers that are subsidiaries of American companies increasingly feature clauses or wording that is influenced by the USA Patriot Act and/or rulings of the Office of Foreign Asset Controls (OFAC)...the wording appears more quietly in other licenses in the force majeure sections (“governmental restrictions”). As a library in another country, these sorts of clauses are not good for us (they can potentially force us to cut off service to students in certain parts of the world) so we always try to have the more prominent of them removed; we have yet to be successful in this. — Academic Law Library

Perpetual Access: Difficult

An archival provision is also a troublesome thing to try to arrange. Again, some publishers provide this initially but others do not. For those that do not, it seems that no explanation will suffice (e.g. we don’t want to end up with nothing at the end of the day, having paid good money for a product) they are almost always unwilling to include archival access in their license. — Academic Law Library

Pricing Based on Number of Users: Difficult

Vendors want to base price on the number of potential users. We have over 200 judges, referees, and magistrates. Of those, I know that about 1/3 or 1/2 will actually use the application at one point or another. To this, we add research clerks, staff attorneys, librarians and members of the courthouse. I cannot and will not purchase based on a potential of 600+ users. I want to purchase based on the maximum number of users we anticipate may actually use the item at any given time (maybe 5 or 10 simultaneous) or for the maximum number of users my server can simultaneously accommodate - 120. This can often be a sticking point. I understand their need to maximize their money earning potential but they have to realize that we are a government agency and cannot charge the clients more to meet their price. — Court Library

Privacy: Difficult

Privacy. Vendors seem to be frightened by a misperception. Perhaps...they are hiring newly-minted JDs who have had personal experience with misallocation or other misuse of resources. The corporate sector does not seem to understand the academic library; it certainly is a different type of entity to be sure! Many non-profit corporations are more readily amenable to a meeting of the minds on most points than for-profit corporations.

Library Consortium

Remote Access: Difficult

One of the most difficult is whether we can make a source available through the university’s proxy server for off-campus use. — Academic Law Library

Some vendors want charge extra for remote access through a proxy server and many new reps do not understand the mechanics. — Academic Law Library

ONLINE RESOURCES ON ELECTRONIC LICENSING

General Bibliography

• Bibliography of Licensing Sources by LIBLICENSE — http://www.library.yale.edu/~license/bibliog.html — Annotated bibliography of articles, books, online resources.

Consortia

• Collaborative Acquisition of Electronic Resources by Tracy Thompson in the CRIV Sheet (May 2005) pp. 4-6 — http://www.aallnet.org/products/pub_sp0505/pub_sp0505_CRIV.pdf — Discusses NELLCO’s process in licensing electronic legal resources for consortial members.


• Participating Consortia of the International Coalition of Library Consortia — http://www.library.yale.edu/consortia/iscconsmembers.html — Lists international consortia with descriptions and contact information.

Courses

• Copyrightlaw.com, seminars and workshops taught by Lesley Ellen Harris — http://copyrightlaws.com/index2.html — Courses regularly offered cover licensing and copyright. Some are available online.

General Overview of Licensing

• Licensing Electronic Resources: Strategic and Practical Considerations for Signing Electronic Information Delivery Agreements by Patricia Brennan, Karen Hersey, and Georgia Harper — http://www.arl.org/scomm/licensing/liebooklet.html — Excellent overview of what issues to consider and questions to ask when licensing electronic products. The table on copyright issues is a great checklist.

Model/Example Licenses

• Are Model Licenses the Answer? by Lesley Ellen Harris — http://www.copyrightlaws.com/index2.html — Analyzes the pros and cons of using a model license and provides suggestions on how to use them appropriately.

• LIBLICENSE Standard Licensing

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Coalition of Library Consortia — http://www.library.yale.edu/consortia/2004/currentpractices.htm — Lists several preferred practices for purchasing electronic information including permanent access, development of usage data, elimination of no-print cancellation clauses and nondisclosure agreements.

Terms
- Definitions of Words and Phrases Commonly Found in Licensing Agreements — http://www.library.yale.edu/~license/definitions.htm — Provides definitions to difficult terms like “Public Access Workstation,” “Terminal” and “Remote Access.” A great resource when trying to draft specific clauses or definitions in a license agreement.
- Getting What You Bargained For - Essential Terms Every Librarian Should Include in a Licensing Agreement by Lesley Ellen Harris — http://www.copyrighthow.com/index2.html — Covers the essential clauses in a license agreement and provides commentary on typical issues and questions needing clarification.
- Licensing Terms by LIBILITY — http://www.library.yale.edu/~license/table.xhtml — Covers common clauses and provides examples of good and bad terminology.
- Undesirable/Unacceptable Terms by Northwestern University Library — http://staffweb.library.northwestern.edu/cn/splAppendixA.html — Review these terms carefully so that you can spot them in a license agreement.

PRINT ARTICLES ON ELECTRONIC LICENSING
- Ellen Finnie Duranceau, After the License is Signed: Collaboration to Resolve License Breaches, 48 Serials Librarian 339 (2005).
- Lesley Ellen Harris, Digital Licensing Questions, Information Outlook, June 2005, at 62.

BOOKS ON ELECTRONIC LICENSING

Endnotes