IP due diligence and software

Challenges and solutions

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(c) Prof. Dr. Thomas Wilmer

Challenges

▼ Possible Intellectual Property / third party rights

‒ Patents ?

‒ Copyrights ?

  • proprietary licenses

  • freeware

  • shareware

  • open source

  • other

‒ trademark rights ?

‒ competition law ?

‒ other contractual obligations...

Challenges

◤ Possible third parties

- software supplier
  - traditional or
  - free lancer
- own employee
- other
  - freeware / shareware / open source developer

Challenges

❏ Possible SW licenses EXAMPLE A

Copyright (C) 1997-2006 by François PIETTE
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   you must not claim that you wrote the original software.
   (…)
4. You must register this software by sending a picture
   postcard to the author. Use a nice stamp and mention your name,
   street address, EMail address and any comment you like to say.

Challenges

- **Possible SW licenses EXAMPLE B**

DO WHAT THE *HELL* YOU WANT TO PUBLIC LICENSE
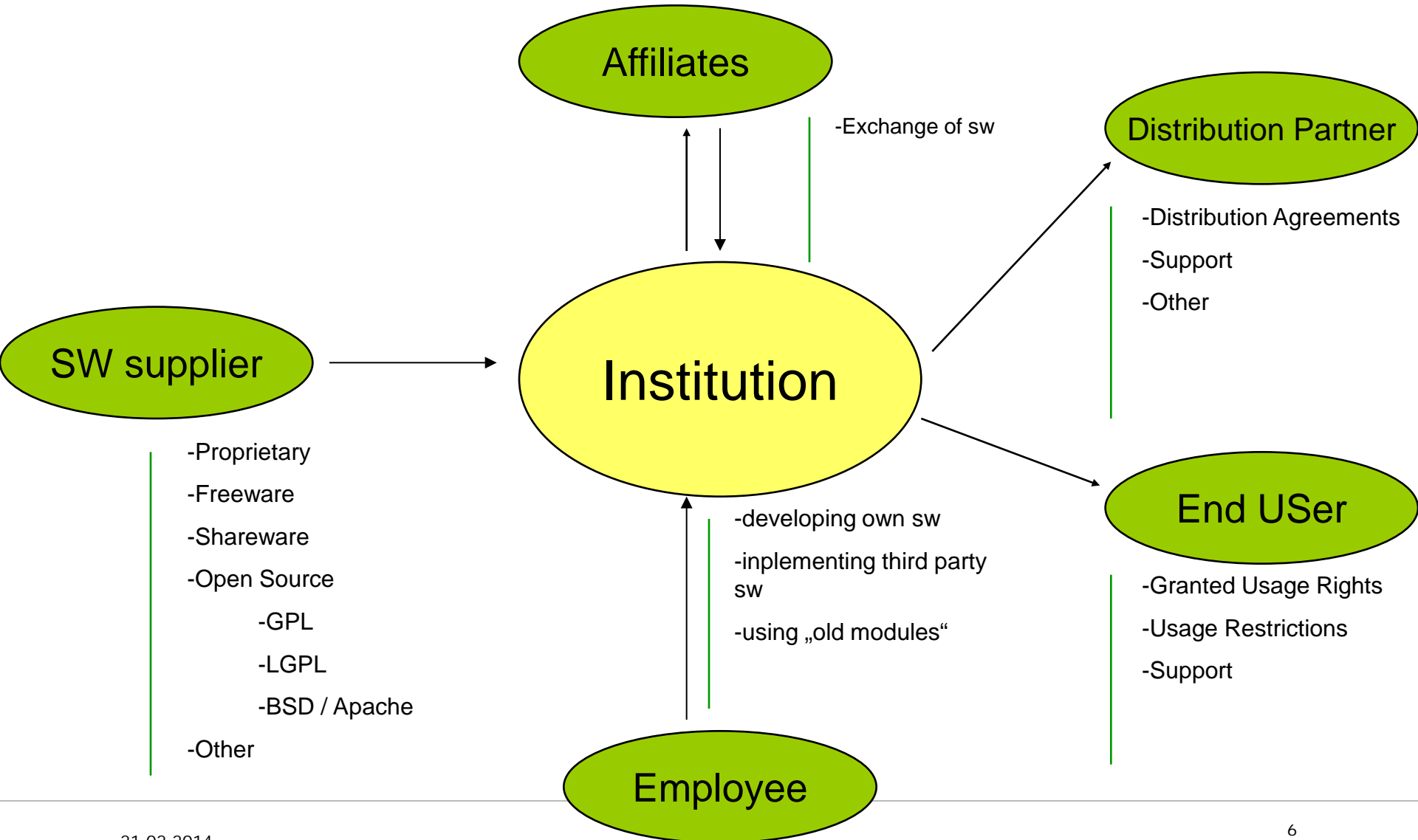Version 2, December 2004 Copyright (C) 2004 Sam Hocevar 14 rue de Plaisance, 75014 Paris, France

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0. DO WHAT THE *HELL* YOU WANT TO PUBLIC LICENSE TERMS AND CONDITIONS FOR COPYING, DISTRIBUTION AND MODIFICATION 0. You just DO WHAT THE *HELL* YOU WANT TO.

Challenges: the software flow

Affiliates

-Exchange of sw

Distribution Partner

-Distribution Agreements

-Support

-Other

SW supplier

Institution

-Proprietary

-Freeware

-Shareware

-Open Source

    -GPL

    -LGPL

    -BSD / Apache

-Other

-developing own sw

-inplementing third party sw

-using „old modules"

End USer

-Granted Usage Rights

-Usage Restrictions

-Support

Employee

Wissenschaft, Technologie und Innovation
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UNIVERSITY OF APPLIED SCIENCES

Hardware

Development Tools

- *Possible Effects on developed Software*

Consequences? Usage Rights?

Software Application

- *License?*
- *Usage Rights?*
- *Source Code?*
- *Maintenance?*
- *Liability?*
- *HW Requirements?*

Libraries

- *License?*
- *Usage Rights?*
- *Source Code?*
- *Maintenance?*
- *Liability?*

3rd Party SW

- *License?*
- *Transfer of Rights?*
- *Documentation?*
- *Source Code?*
- *Maintenance?*

Consequences? Usage Rights?

Consequences? Viral Effects?

Operating System

Open Source

- *OSS Avoidance*
- *License Type*
- *Implementation*
- *Viral Effects*
- *Unknown Liability*

21.02.2014

Challenges: The questions to be asked

◤ Comparing needed and existing rights: Mind the gap!
  - **What software rights do I need?**
    - because of
      - my own usage
      - rights i have granted to
        - affiliates
        - distribution partners
        - End users
  - **What software rights do i have?**
    - because of agreements with
      - software suppliers
      - software developers
    - because of national software law regulations

Solutions: Closing the gap

▼ Step 1: Definitions of needed
rights

▼ Step 2: Analysis of existing rights

▼ Step 3: Closing the gap

Solutions: Closing the gap

▼ Step 1: Definitions of needed rights

‒ Be aware of the rights you are granting to affiliates, distribution partners and end users.

‒ define the licence model, e.g.

- exclusivity

- territory

- term

- fees

- support

- usage restrictions

- modifications rights

- warranty, liability

Solutions: Closing the gap

▼ Step 2: Analysis of existing rights

_ Be aware of the rights you are granted by
- affiliates
- SW developers and
- employees

_ Be aware of the legal implications of Open Source Software such as
- unknown developer
- legal implications of licence violations
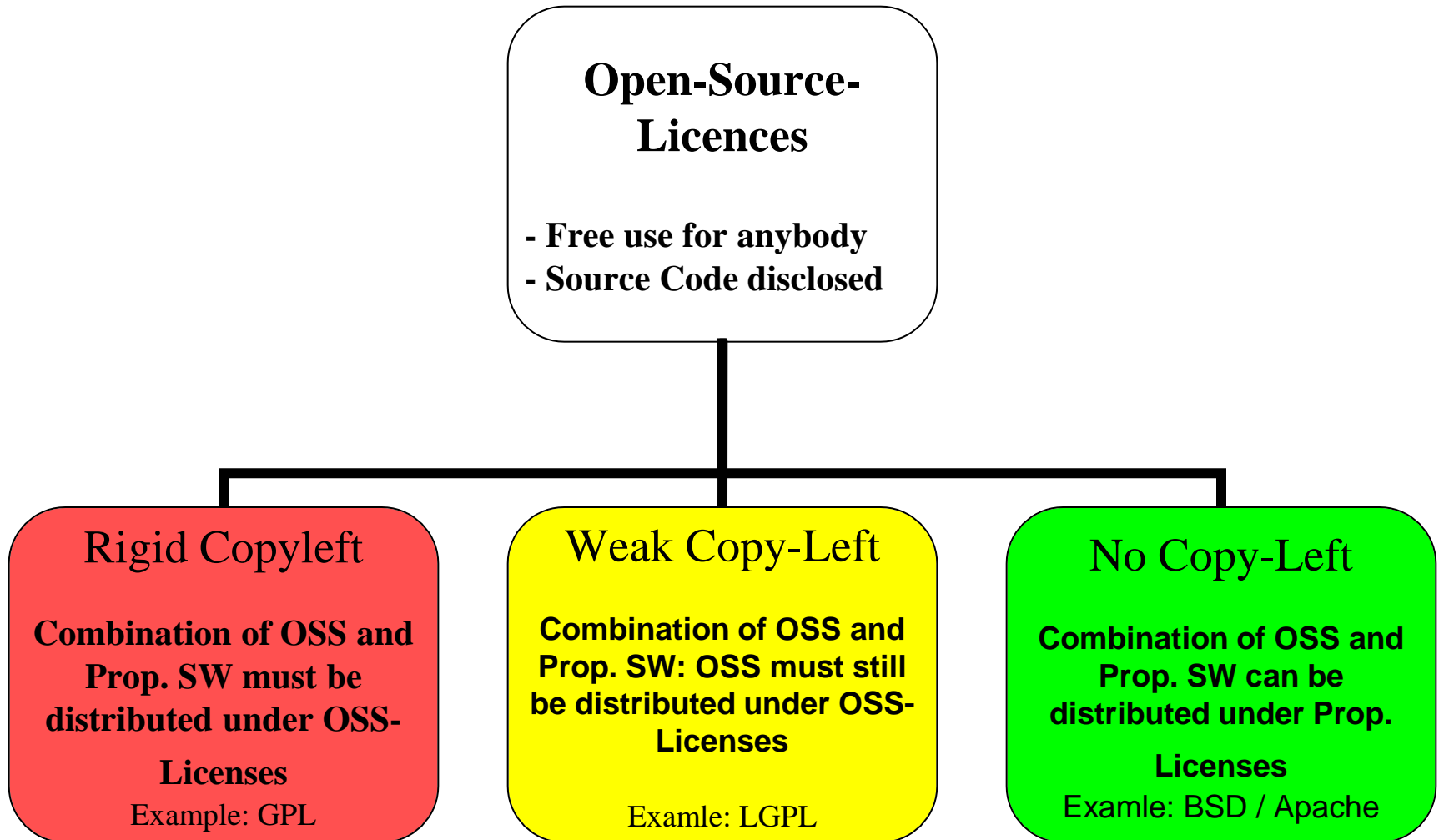- viral effects
- warranty and liability

Solutions: Closing the gap

◤ Step 2: Analysis of existing rights

- **legal implications of licence violations**
  - _ suspension of sw use and distriution
  - _ acquisition of missing rights for any price
- **viral effects**
  - _ sw-combination of certain oss and own sw has to be distributed under os license
- **warranty and liability**

Step 2 : Analysis: Open Source Licenses

Open-Source-Licences

- Free use for anybody
- Source Code disclosed

Rigid Copyleft

Combination of OSS and Prop. SW must be distributed under OSS-

Licenses
Example: GPL

Weak Copy-Left

Combination of OSS and Prop. SW: OSS must still be distributed under OSS-Licenses

Examle: LGPL

No Copy-Left

Combination of OSS and Prop. SW can be distributed under Prop.

Licenses
Examle: BSD / Apache

Step 2 : Analysis: Open Source Licenses

OSS without Copyleft (Apache / BSD)

```
┌─────────────────────┐        ┌─────────────────────┐
│        OSS          │        │   Own proprietary   │
│    Apache / BSD     │        │         SW          │
└─────────────────────┘        └─────────────────────┘
             \                          /
              \                        /
               ↓                      ↓
        ┌─────────────────────────────────────┐
        │  New Software, partly OS, partly own:│
        │                                      │
        │         - Any own licence            │
        │          - Closed source             │
        │      - If compliant with licence     │
        └─────────────────────────────────────┘
```
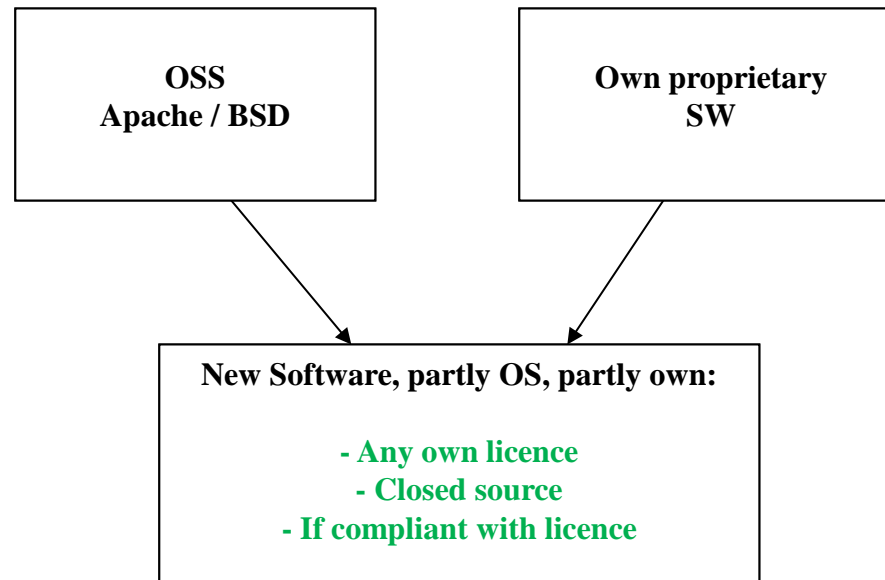
Step 2 : Analysis: Open Source Licenses

OSS with weak Copyleft (LGPL)

OSS under LGPL (".dll library")	**own proprietary SW Shall use .dll**

OSS ("library"): LGPL valid	Usage + ◄──── Static connection -	own proprietary SW: Own licence Closed source
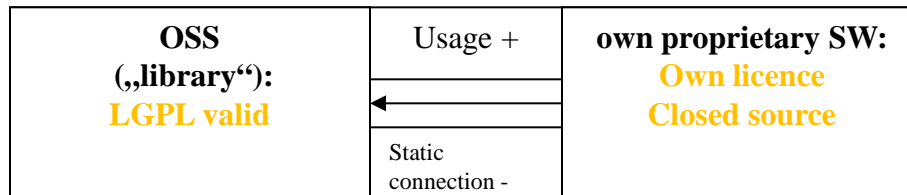
Step 2 : Analysis: Open Source Licenses

OSS with rigid Copyleft (GPL)
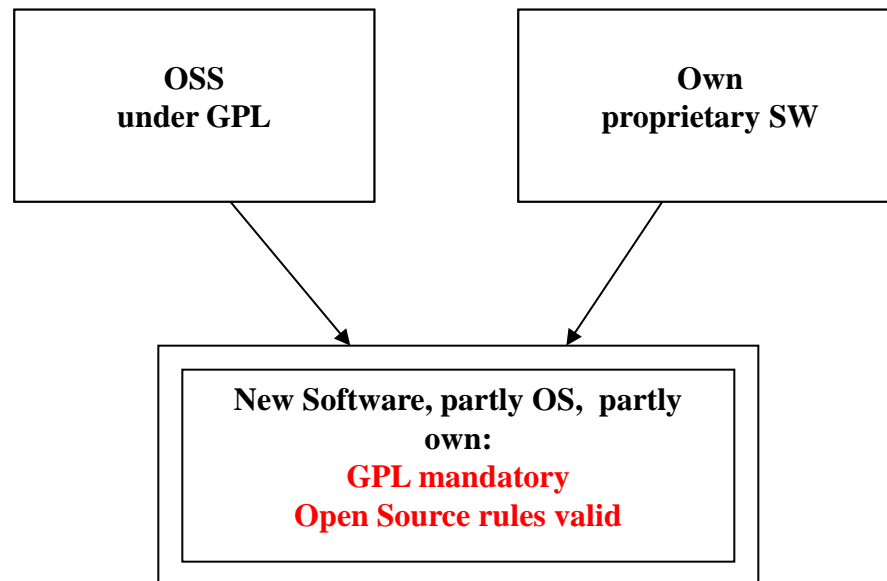
```
┌─────────────────┐        ┌─────────────────┐
│      OSS        │        │      Own        │
│   under GPL     │        │ proprietary SW  │
└─────────────────┘        └─────────────────┘
          ╲                          ╱
           ╲                        ╱
            ▼                      ▼
       ┌──────────────────────────────────┐
       │  New Software, partly OS, partly │
       │              own:                │
       │          GPL mandatory           │
       │       Open Source rules valid    │
       └──────────────────────────────────┘
```

Solutions: Closing the gap

▼ Step 3:
Closing the gap (in case of licence violations /
uncertain licences)

- **getting same sw with better rights**
  - _ changing agreements with suppliers
- **granting less rights for sw**
  - _ changing agreements with affiliates, distribution
    partners and end users
- **getting other sw for same purpose with better rights**

Solutions: Closing the gap

◥ Step 3:
Closing the gap (in case of licence violations / uncertain licences)

- **setting up a process to**
  - _ **close the gap (steps 1 to 3)**
  - _ **currently watch the in- and outgoing sw rights**
  - _ **adjust the outgoing rights to the necessary limits**
  - _ **track the possible infections by open source sw**
  - _ **track the differences between national sw regulations**

Muito obrigado
pela sua atenção!

Contato e informação adicional

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