QUESTIONS TO ASK IN THE DEVELOPMENT OF A SOFTWARE LICENSE

1. General Issues
   a. License v. Sale
   b. Does the Licensor have sufficient rights to license or sell the software?
      i. Software developed entirely by Licensee
      ii. Software or portions developed by third parties
         1. Work Made for Hire
         2. Assignment
         3. License
            a. Right to sublicense?
         4. Open-Source
            a. Type of open-source license?
   c. Types of Licenses
      i. “Off the Shelf” Software
      ii. Custom Software
      iii. Software as a Service (SaaS)
      iv. For distribution

2. The License
   a. Licensee
      i. Who is the licensee, does it include affiliates and subsidiaries?
      ii. Restrictions?
         1. Specific hardware, operating systems, locations, users, or number of users
      iii. Is licensee the U.S. Government?
         1. If so, certain language must be included in terms of license will be subject to Federal Acquisition Regulations
   b. License Grant
      i. What is licensed?
         1. Software
         2. Hardware
         3. Documentation
         4. Other proprietary information/systems
      ii. Exclusive or Non-Exclusive?
      iii. Transferable or Non-Transferable?
      iv. Right to sublicense?
         1. Royalties
         2. Licensor approval
         3. Terms of sublicense or EULA
v. Term
vi. Geographic Scope
c. Scope
i. Is USE defined?
   1. Internal, business purposes only
   2. As a service provider to third parties
d. Rights to Copy
   i. For what purposes?
      1. Back-up
      2. Production
      3. Testing
   ii. Number of copies?
   iii. Medium?
e. Restrictions?
   i. Reverse engineering and disassembling?
   ii. Licensee modification?
   iii. Transfer to third parties?
   iv. Export?
   v. High risk activities?
   vi. Use with other software?
f. Rights in Software?
   i. Retention of all rights not licensed
   ii. Rights in derivative works and new ideas
      1. Grant-back
   iii. Custom Software – who owns the final product
      1. Developer or purchaser
      2. Work made for hire/Assignment

3. Term
   a. Term of Agreement v. Term of License
   b. Perpetual or Periodic?
      i. Renewal procedure

4. Payments/Fees
   a. License Fees
      i. Up-front or recurring?
      ii. Royalties?
      iii. Calculation?
   b. Service and Support Fees
   c. Procedure
      i. Invoices
      ii. Late payment
d. Taxes
   i. Who is responsible?
   ii. Complex state laws regarding taxation of software and services
5. **Delivery, Installation, Training, and Acceptance**
   a. Delivery
      i. What are the deliverables?
      ii. Delivery location?
      iii. Delivery method?
   b. Installation
      i. Who is responsible?
      ii. Installation fees and costs?
   c. Training
      i. Will the Licensor provide training?
      ii. Offsite or onsite?
      iii. Costs of training?
   d. Acceptance
      i. Metrics
      ii. Procedure
      iii. Error correction
      iv. Acceptance date

6. **Project Management**
   a. If Licensor will be developing custom software, how will the project management be structured?

7. **Service Level Agreement**
   a. If software offered as a service (SaaS), then Service Level Agreement should be developed.
      i. Standards
      ii. Credits

8. **Maintenance and Support**
   a. Maintenance
      i. Bug/Error correction
         1. Licensee notification
         2. Urgency levels
         3. Procedure and correction times
   b. Improvements, Modifications, and Updates
      i. Distribution
      ii. Definitions – difference from New Versions
      iii. Cost
   c. Support
      i. Types of support
         1. Onsite
         2. Offsite
      ii. Length of support
      iii. Separate support agreement
      iv. Cost
      v. Right to discontinue support after release of new version
9. **Source Code**
   a. Ownership
   b. Escrow

10. **Disabling Devices**
    a. Does the software contain disabling devices?
       i. In what circumstances may they be used?

11. **Confidential Information**
    a. Will Confidential Information Be Exchanged?
    b. Definition of Confidential Information?
    c. Identification of Confidential Information?
    d. Use of Confidential Information?
    e. (Non-) Disclosure of Confidential Information?
    f. Return of Confidential Information?
    g. Employees, Agents, and Independent Contractors?
    h. Remedies?

12. **Warranties, Limitation of Liability, Indemnification**
    a. Warranties
       i. To whom do the warranties apply?
       ii. Types of warranties
          1. Authority to grant license
          2. Non-infringement on third party rights
          3. Media on which software is stored
          4. Free from material defects
          5. Conformance to specifications and run-times
          6. Free from viruses
          7. No disabling devices
          8. Free from minor defects or errors
          9. Uninterrupted operation
          10. Merchantability
          11. Fitness for a particular purpose
          12. Warranties related to third-party software
       iii. Duration
       iv. Invalidation
           1. Use on different equipment
           2. Modification
    b. Limitations on Liability
       i. Special, Indirect, Consequential, Punitive, and Indirect Damages
       ii. Profits
       iii. Data Loss
       iv. Loss of Goodwill
       v. Specific Performance
       vi. Limited to Specific Amount
       vii. Time Period for Cause of Action
c. Indemnification
   i. Indemnifying Events
   ii. Notification and Procedure

d. Attorney’s Fees
e. Insurance

13. **Termination and Default**
   a. Termination
      i. Termination for Convenience
      ii. Termination upon Default
      iii. Rights and Obligations upon Termination
         1. Payment of all outstanding amounts
         2. Return of software, documentation, and confidential information
         3. Discontinue using software
         4. Surviving obligations
         5. Use of remote disabling devices
   b. Events of Default
      i. Non-payment
      ii. Filing of bankruptcy
      iii. Breach of provisions of agreement
      iv. Notice and cure
   c. Dispute Resolution
      i. Informal
      ii. Mediation
      iii. Arbitration
      iv. Litigation
      v. Attorney’s Fees

14. **Export Controls**
   a. Federal regulations govern the export of certain software to certain countries

15. **Assignment**
   a. Is assignment permitted?
   b. Any limitations or restrictions?

16. **Records and Audits**
   a. Must the Licensee maintain records relating to its use of the software?
   b. May Licensor audit Licensee’s records?

17. **Non-Competition and Non-Solicitation**
   a. Non-Competition
      i. Are their restrictions on either party’s freedom to engage in competitive activity
      with the other party?
   b. Non-Solicitation
      i. Licensee may not solicit or hire Licensor’s employees