Negotiating and Analyzing Electronic License Agreements

Duncan E. Alford
University of South Carolina - Columbia, alfordd@law.sc.edu

Follow this and additional works at: https://scholarcommons.sc.edu/law_facpub

Part of the Intellectual Property Law Commons, Legal Writing and Research Commons, and the Library and Information Science Commons

Recommended Citation

This Article is brought to you by the Law School at Scholar Commons. It has been accepted for inclusion in Faculty Publications by an authorized administrator of Scholar Commons. For more information, please contact dillarda@mailbox.sc.edu.
Negotiating and Analyzing Electronic License Agreements*

Duncan E. Alford**

Mr. Alford analyzes license agreements for electronic resources and suggests certain negotiation points to consider when entering into such an agreement. He begins by describing the results of a survey of law librarians about their preparation for and techniques used when negotiating electronic license agreements and the legal strategies used by publishers to support the licensing of electronic information. After reviewing selected principles of licensing issued by library associations and several standardized electronic license agreements, he identifies provisions in a typical agreement that should concern libraries and suggests certain arguments to use in negotiating terms more favorable to the library.

Table of Contents

Introduction .............................................................. 622
Background ............................................................. 623
  Market Size .......................................................... 623
  Survey of Law Librarians ............................................ 623
  Publishers’ Legal Strategies ....................................... 624
  Statements of Licensing Principles ............................... 626
License Review .......................................................... 630
  “Big Easy” License .................................................. 631
  LibLicense License .................................................. 632
  JSTOR License ....................................................... 633
Negotiating Points ...................................................... 634
  Pricing ............................................................... 634
  Users ................................................................. 635
  Access ............................................................... 636

---

* © Duncan E. Alford, 2002.
** Law and Politics Librarian, Princeton University Library, Princeton University, Princeton, New Jersey. The author wishes to thank Professor Robert Williams of the College of Library and Information Science, the University of South Carolina, and Professor Steve Hinckley, Director of the Coleman Karesh Law Library of the University of South Carolina School of Law, for their helpful comments and support in drafting this article.
Introduction

1 The use of electronic legal information has become increasingly important to law libraries as they serve the legal information needs of their users. Some libraries hold more than two hundred separate licenses for electronic information.1 Law libraries spend a significant proportion of their acquisition budgets on the purchase of electronic legal information. Member libraries of the American Association of Law Libraries in 2000 budgeted a combined total of nearly $1.2 billion on legal information (both print and electronic).2 Academic law libraries allocated 15% of their budget for electronic information while private law libraries allocated approximately 56% of their acquisitions budget to electronic information.3

2 Generally, libraries must purchase electronic information by negotiating license agreements with the publishers of this information. A library will not own electronic information outright, but instead will lease this information pursuant to the terms of the license agreement. As information is shifted from the print to the electronic form, the outright sale of information is becoming less common and the leasing of information is becoming more common. The library community's response to these developments has been the creation of principles for the licens-

---

3. Id. at 13 tbl. 4.
Negotiating and Analyzing Electronic License Agreements

Negotiating and Analyzing Electronic License Agreements

The drafting of standard license agreements to be used with electronic materials. However, most license agreements currently in use are prepared by publishers and therefore favor their positions. Unfortunately, librarians generally are uncomfortable with negotiating electronic license agreements. Few librarians negotiate contracts on a regular basis and even fewer are trained in the negotiation of contracts. Librarians should therefore be wary of publisher agreements and scrutinize them carefully to ensure they do not restrict the needs of their users.

This article will begin with a brief overview of the market for electronic information and a description of publishers' strategies with respect to electronic information (particularly legal information). The article then will describe and analyze how libraries have responded to the increasing prevalence of the licensing of electronic information by developing statements of licensing principles. Finally, the article will analyze selected license agreements and suggest certain negotiating and drafting techniques that will help librarians better serve their patrons by ensuring that the licenses to which they agree promote, rather than hinder, access to electronic information.

Background

Market Size

The market size for electronic information is increasing at a steady pace. The 1997 Economic Census by the U.S. Department of Commerce indicated that online information services was an approximately $8 billion market. Likewise the U.S. Department of Commerce estimates that the information retrieval services market increased from total revenues of $2.8 billion in 1992 to an estimated $11.8 billion in 2000. Academic libraries are spending an increasing percentage of their acquisitions budget on electronic information. In 1998, libraries spent 11% of their budget on electronic serials compared to 43% on print serials. In 2001, academic libraries spent 16% on electronic serials compared to 39% on print serials. These same libraries expect to spend 22% on electronic serials compared to 35% on print serials by 2004.

Survey of Law Librarians

With the increasing importance of electronic information and the growth of the size of the market for electronic information, the use of licenses has now become
the principal way to purchase access to electronic information. In January 2001, this researcher conducted a brief written survey of fifteen members of the Charlotte Area Law Librarians Association (CALLA) in Charlotte, North Carolina, which netted ten responses. The survey focused on the librarian’s experience with electronic licensing agreements. While not producing statistically sound results, the survey does provide some insight into how librarians typically negotiate licensing agreements for electronic information.

Of the ten completed responses, eight law librarians stated that they negotiate the license agreements themselves. The same eight also stated that they sought final approval of the terms from either a partner or administrator of the law firm. Three of the ten consulted written materials in preparation for the negotiation of licensing agreements. Only one of the ten (an academic law librarian) had attended a workshop on negotiating licensing agreements. Typically, in preparation for negotiating a license agreement, a law librarian reviewed usage reports from the publisher detailing the hours spent by attorneys and paralegals searching certain database services such as Westlaw and LexisNexis and relied on their past experience in negotiating license agreements. Some librarians occasionally consulted with a firm library committee or a designated attorney to discuss the negotiation.

The key elements these law librarians looked for in the licensing agreements were the price for the service, typically a flat fee paid monthly, and the number and type of databases that would be included within this pricing arrangement. Typically, publishers (such as Westlaw and LexisNexis) do not include all databases or electronic products offered by the publisher in one licensing agreement. Based on these survey results, one could conclude that law librarians, particularly those in private law firms, entered into negotiations with little preparation other than a review of the usage reports for the past several years and reliance on the librarian’s past experience in negotiating licensing agreements. Reference to any written materials dealing with electronic licensing agreements is unusual.

**Publishers’ Legal Strategies**

While librarians in the survey prepared in a limited way for negotiating a license agreement, publishers in contrast have invested heavily in marketing electronic information and have used the law strategically to maximize the profitability of electronic information through licensing. In addition, publishers have called for changes in federal law to support their use of licenses rather than outright sales. Publishers are proposing that certain provisions of the copyright law do not apply to electronic materials because those materials are significantly different from

---

8. CALLA is an informal group of law librarians from law firms and corporations in the Charlotte metropolitan area. Nearly all members of CALLA work in private law firms. One academic law librarian responded to the survey.
print materials. Pursuant to section 104 of the Digital Millennium Copyright Act (DMCA), the U.S. Copyright Office conducted an inquiry of the possible effects of the DMCA on the first sale doctrine. Several publishers submitted comments as part of the inquiry by the U.S. Copyright Office. Time-Warner in its comments stated, "[T]he first sale doctrine is properly applied only when a particular copy of a work changes hands." In Time-Warner's view, the first sale doctrine is an exception to the right of distribution granted to the copyright holder. Time-Warner asserted that the first sale doctrine codified in section 109 of the Copyright Act does not apply to works distributed by electronic transmission because such transmission involves both the reproduction of the work and its distribution. "[T]he absence of a 'digital first sale doctrine' has the positive effect of encouraging the growth of markets for works in digital form."

¶9 The Software Industry and Information Association, like Time-Warner and other publishers, stated in its comments that the first sale doctrine should not apply to digital materials because "when a copy of a work is transmitted from one computer to another, the 'particular' copy resides on the transmitting computer and a new 'second-generation' copy is created on the receiving computer." It urged the Copyright Office to conclude that the first sale exception does not apply to digital distribution mechanisms such as the Internet. Other publishers, particularly those whose customer base includes a high percentage of libraries, have been willing to work with libraries on licensing products within the context of the first sale doctrine and fair use under copyright law. However, nearly all publishers have been uncomfortable with the interlibrary loan of digital materials.

10. 17 U.S.C. § 109 (2000). The first sale doctrine developed in the common law and was later codified in the Copyright Act of 1976. It allows a buyer of a physical copy of a work to resell, loan, discard, or destroy that particular physical copy without permission of the copyright holder. This doctrine is the fundamental legal basis for the operation of libraries in the United States. See Shelly Warwick, Copyright for Libraries, Museums, and Archives: The Basics and Beyond, in LIBRARIES, MUSEUMS, AND ARCHIVES: LEGAL ISSUES AND CHALLENGES IN THE NEW INFORMATION ERA 235, 243 (Tomas A. Lipinski ed., 2002).
13. Comments of Bernard R. Sorkin, supra note 11.
15. Posting of Karen Hunter, Senior Vice President, Elsevier Science, k.hunter@elsevier.com, Response To ICOLC Statement, to liblicense-l@lists.yale.edu (June 25, 1998), at http://www.library.yale.edu/~licensure/ListArchives/9807/msg00025.html.
16. Id.
In their comments to the Copyright Office,17 the major library associations vehemently argued against the publishers' view that the first sale doctrine does not apply to digital works. The associations explained that license agreements routinely used by publishers “require waiver of long-standing limitations on the exclusive copyright rights, including the first sale doctrine. . . .”18 The result has been the restriction of the flow of information and of the library’s ability to serve the public’s information needs.19

In its report, the Copyright Office agreed with the arguments of the publishers. The Copyright Office recommended that Congress not enact a digital first sale doctrine.20 The Copyright Office recognized the library community’s argument that provisions of license agreements prohibited uses of electronic information that would otherwise be permissible by copyright law for print information.21 The report states, “The fact that we do not recommend adopting a ‘digital first sale’ provision at this time does not mean that the issues raised by libraries are not potentially valid concerns.”22 The Copyright Office chose to make few recommendations to Congress regarding amendments to the DMCA.

Within this favorable legal environment, publishers have adopted the strategy of licensing electronic materials through written agreements rather than selling electronic materials outright to users as they have historically done with printed materials. The use of written license agreements for electronic materials is a relatively recent phenomenon. References to licensing agreements do not appear in the library science literature until the early 1990s.23 Both publishers and libraries have a relatively short frame of reference for dealing with these license agreements.

**Statements of Licencing Principles**

In response to this new development of using license agreements, librarians have developed and issued licensing standards or principles with the hope of making publishers aware of the goals and objectives of libraries when they purchase electronic information. Typically, library organizations rather than publishers have developed these principles, with several different library organizations contribut-

---

17. The American Library Association, the American Association of Law Libraries, the Association of Research Libraries, the Medical Library Association, and the Special Libraries Association all joined in submitting lengthy comments to the United States Copyright Office for the inquiry required under section 104 of the Digital Millennium Copyright Act.
19. Id. at 25–26.
21. Id. at xxi.
22. Id. at xxi.
Several prominent library organizations, including the American Association of Law Libraries, jointly issued a *Statement of Principles for Licensing Electronic Resources* on July 15, 1997 (1997 Principles). The document begins by describing the context in which licensing agreements are used, and then gives substantive guidance in the form of principles on the terms and conditions that should be in licensing agreements. These principles state that the agreement should recognize the intellectual property rights of both licensee and the licensor. Two issues addressed in these principles that frequently cause concern among publishers are the archival responsibility for the resources and the application of fair use principles to the electronic material. In addition to guidance on license agreements, the document includes appendices containing terms that the licensee should define in the license agreement and resources to consult for further information.

¶14 On March 25, 1998, the International Coalition of Library Consortia (ICOLC) issued a *Statement of Current Perspective and Preferred Practices for the Selection and Purchase of Electronic Information*. The principles contained in the ICOLC's *Statement* are structured similarly to the 1997 *Principles* and provide a definition of fair use that should be addressed in the license agreement. Unlike the 1997 *Principles*, the *Statement* discusses pricing strategies for electronic products and highlights the current unpredictability of pricing. In one section, it states that the "providers should not engage in excessive pricing during the current period of experimentation." And later: "[T]he electronic product should cost less than the printed subscription price."

¶15 While libraries are facing escalating costs of library materials (particularly with serials), these blanket statements on pricing ignore the market reality facing publishers. Publishers do not necessarily base pricing on cost. Over the long run, revenues must exceed costs for the publisher to survive financially. However, publishers frequently will price products at a level that the market will bear. Sometimes this price will greatly exceed cost; other times it will barely exceed cost. And in some instances, publishers will price below cost (for a short period of time) in order to develop an audience or market for the product.

¶16 The ICOLC *Statement* also advocates the application of fair use principles.

---


26. *Id.* [§] III.B.1.

27. *Id.* [§] III.B.1.d.


to electronic materials. Accordingly, digital materials should be available for interlibrary loan just as print materials are.\textsuperscript{30} The \textit{Statement} tends to be much more aggressive than the 1997 \textit{Principles} in its guidance for libraries in negotiating electronic license agreements. Both sets of principles serve the purpose of providing some guidance, although very general, to librarians as they negotiate electronic license agreements.

\textsection{17} On May 1, 2001, the International Federation of Library Associations (IFLA), a confederation of national library associations around the world with its headquarters in The Hague, issued its \textit{Licensing Principles}.\textsuperscript{31} IFLA sets out its understanding of the electronic information environment and states that it "views the licensing arena favorably."\textsuperscript{32} The IFLA \textit{Licensing Principles} emphasize that a balance between the owner's incentive to make a profit and the benefits from education and research must be "struck in carefully crafted copyright legislation."\textsuperscript{33} They are a guide for contracting for electronic information between libraries and information providers.\textsuperscript{34} Ideally, publishers should provide copies of the proposed written contract in advance, and all provisions in the contract are negotiable.\textsuperscript{35} By this statement, IFLA impliedly disapproves of non-negotiable contracts. The law governing the contract should be the law of the jurisdiction in which the licensee is located\textsuperscript{36} and should be in the language of the licensee.\textsuperscript{37} While this statement attempts to further a laudable goal, the expense of translating a contract into legally enforceable language in all the countries where purchasers are located would be prohibitively expensive and most publishers are not willing to bear that cost.

\textsection{18} A license agreement must provide for cure periods ("remedy periods").\textsuperscript{38} In other words, there should be no automatic defaults by either party; and if a problem with the service develops, one party must notify the other of the problem before taking any adverse action, such as terminating access to the electronic information or ceasing payments for the electronic information. The IFLA \textit{Licensing Principles} further state that a party should have the right to terminate the contract under certain specified conditions.\textsuperscript{39}

\textsection{19} The contract must allow for access by all affiliates of the licensee.\textsuperscript{40} Access must be available to users on and off campus, distance education students,\textsuperscript{41} and any user who is physically present on the library's premises.\textsuperscript{42}

\begin{thebibliography}{42}
\expandafter\ifx\csname bibnamefont\endcsname\relax\def\bibnamefont#1{#1}\fi
\expandafter\ifx\csname bibfnamefont\endcsname\relax\def\bibfnamefont#1{#1}\fi
\expandafter\ifx\csname bibtitlefont\endcsname\relax\def\bibtitlefont#1{#1}\fi
\expandafter\ifx\csname bibauthorfont\endcsname\relax\def\bibauthorfont#1{#1}\fi
\bibitem{30} \textit{ICOLC Statement}, supra note 25, III.D.1.
\bibitem{31} \textit{INT'L FED'N OF LIBRARY ASS'NS & INSTS., LICENSING PRINCIPLES} (2001), available at \texttt{http://www.ifla.org/V/ebpb/copy.htm} [hereinafter IFLA LICENSING PRINCIPLES].
\bibitem{32} \textit{Id.} \textsection 3.
\bibitem{33} \textit{Id.}
\bibitem{34} \textit{Id.}
\bibitem{35} \textit{Id.} \textsection 1.
\bibitem{36} \textit{Id.} \textsection 2.
\bibitem{37} \textit{Id.} \textsection 3.
\bibitem{38} \textit{Id.} \textsection 8.
\bibitem{39} \textit{Id.} \textsection 9.
\bibitem{40} \textit{Id.} \textsection 10.
\bibitem{41} \textit{Id.} \textsections 10, 12.
\bibitem{42} \textit{Id.} \textsection 11.
\end{thebibliography}
2002-38] Negotiating and Analyzing Electronic License Agreements 629

\[20\] If the publisher does not maintain the content of the database, penalties or liquidated damages may accrue.\(^43\) These penalties may include a reduction in the license fee. Such reductions in the content of a database are a real possibility given the developing law surrounding authors and electronic information.\(^44\)

\[21\] According to the IFLA Licensing Principles, the licensee should not be liable for illegal acts, such as copyright infringement, of its users.\(^45\) This provision is frequently missing from license agreements prepared by publishers. Librarians should not be required to police their patrons' use of electronic information. Rather librarians should make reasonable efforts to make users aware of the applicable copyright law in their jurisdiction and cooperate with publishers if they become aware of an actual infringing use.

\[22\] The IFLA Licensing Principles state that publishers should provide "affordable, perpetual access" to the electronic information.\(^46\) This language is probably purposely vague because the archiving of electronic information is a very difficult issue.\(^47\)

\[23\] Another vexing issue is the pricing of electronic information. The IFLA Licensing Principles take a more reasonable stance on pricing than do the other statements of licensing principles. IFLA broadly states that the pricing of electronic information should encourage, rather than discourage, its use.\(^48\) All components of the price of electronic information should be fully disclosed and there should be no hidden charges.\(^49\) IFLA's language reflects a better understanding of the economics of publishing than does the ICOLC Statement. Publishers should offer an unbundled price for electronic information.\(^50\) Frequently, publishers will only offer the electronic version with a print subscription to the same information. Furthermore, there should be no penalty for canceling a print subscription to information that becomes available in an electronic format.\(^51\) The controversy in spring 2001 regarding the electronic license for Nature and the embargo period

\(^{43}\) Id. \[16\].

\(^{44}\) See Tasini v. New York Times, 533 U.S. 483 (2001). In Tasini, the Supreme Court found that freelance authors are entitled to royalties for inclusion of their articles in an electronic database. As a result of this decision, certain publishers excluded content by freelance authors from electronic databases until the publisher received permission from the authors to include the content in the database. Christopher Stern, Freelancers Win Fight over Reuse of Works, WASH. POST, June 26, 2001, at E1.

\(^{45}\) IFLA LICENSING PRINCIPLES, supra note 31, \[18\].

\(^{46}\) Id. \[22\].

\(^{47}\) Some institutions are starting to experiment with possible solutions to this issue. For example, Yale University Libraries and Elsevier Science, an affiliate of Reed Elsevier, have entered into a joint venture to develop an electronic archive of science, technical, and medical journals. Press Release, Yale University, Yale Library to Plan Digital Archives with Elsevier Science (Feb. 23, 2001), available at http://www.library.yale.edu/~license/ListArchives/0102/msg00078.html.

\(^{48}\) IFLA LICENSING PRINCIPLES, supra note 31, \[24\].

\(^{49}\) Id.

\(^{50}\) Id. \[26\].

\(^{51}\) Id. \[27\].
imposed on electronic access to recent articles from that journal illustrates the practice that IFLA seeks to prohibit.\footnote{See Liblicense-L List Archives, at http://www.library.yale.edu/~license/ListArchives (numerous messages from December through March 2001 address this controversy). In its electronic version, \textit{Nature} did not provide access to recently published articles in order to discourage the cancellation of print subscriptions in favor of an electronic only subscription. In May 2001, \textit{Nature} changed its access policy and allowed electronic access to articles when they were published. Press Release, Nature Publishing Group, \textit{Nature} Announces a New Global Institutional Site Licensing Policy (Apr. 23, 2001), \textit{in} Posting of Ann Okerson, aokerson@pantheon.yale.edu, \textit{Nature} Announces a New Site Licensing Policy, to liblicense-l@lists.yale.edu (Apr. 23, 2001), \textit{at} http://www.library.yale.edu/~license/ListArchives/0104/msg00055.html.}

\textit{\textsuperscript{24}} A prohibition against disclosure of the terms of a license agreement is inappropriate according to the IFLA \textit{Licensing Principles}.\footnote{IFLA LICENSING PRINCIPLES, supra note 31, \textsuperscript{28}.} Numerous publishers include a nondisclosure provision in their contracts, especially in contracts negotiated with large institutions. Publishers are likely to strongly resist the deletion of a prohibition against disclosure of material contractual terms from their licenses because they wish to maximize revenue by preventing customers from comparing specific contractual terms, in particular, price.

\textit{\textsuperscript{25}} The IFLA \textit{Licensing Principles} reinforce that licensees should be allowed to share "reasonable length extracts"\footnote{\textit{Id.} \textsuperscript{30}.} of database content with other libraries for noncommercial purposes. Interlibrary loans of electronic materials should be permitted in the same manner as for print materials. Many publishers will vehemently oppose this principle by arguing that electronic copies are so easily transmitted that enforcing any limitation on interlibrary loans is nearly impossible.\footnote{See supra \textsuperscript{8}–\textsuperscript{11}.}

\textit{\textsuperscript{26}} None of these statements of principles are legally binding on publishers. Rather, they are merely guides to best practice from the library community’s perspective. Publishers in some cases have attempted to address the concerns in the sets of principles. For example, Elsevier Science has stated its support, with some reservations, of the ICOLC \textit{Statement}.\footnote{See Posting of Karen Hunter, supra note 15.} However, publishers have been particularly resistant to principles pertaining to pricing and archiving, claiming they are based on a misperception of the economics of the publishing industry.\footnote{See id.}

\textbf{License Review}

\textit{\textsuperscript{27}} A review of specific licensing agreements may be useful before analyzing in detail the particular provisions of concern to librarians. Since the publisher of the electronic information generally drafts the license agreement, not the users or libraries, it usually favors the publisher over the user. In fact, many publishers take the position that their contract is not negotiable except for price and the particular
databases or materials that will be available under the license agreement. Librarians should be particularly wary in these cases and make sure the value of the licensed product greatly exceeds the cost, including additional liability risks, that the library will bear before agreeing to license the product.

“Big Easy” License

§28 Several library vendors, including EBSCO, Harrassowitz, Rowecom, and Swets Blackwell, sponsored a somewhat library-favored license agreement known as the “Big Easy” license because it was developed at an American Library Association meeting in New Orleans. These vendors engaged John Cox & Associates to draft license agreements—four different forms of license agreements for four different types of libraries: (1) single academic institution, (2) academic consortia, (3) public libraries, and (4) corporate and special libraries. While the agreements are each tailored toward a particular type of licensee, the substantive provisions of the licenses in each are generally the same.

§29 For purposes of this article, I focused my attention on the model license agreement for single academic institutions. Generally, this license agreement contains provisions favorable to libraries. For instance, the agreement provides that materials under this license are available for interlibrary loan. Likewise, electronic materials may be used in course packs developed for courses at the academic institution as well as for electronic reserves.

§30 Under the agreement, the publisher is not liable for special or consequential damages. This provision is not unusual in license agreements but should be reciprocal and apply to both the licensor and the licensee. The aggregate amount of liability for the publisher cannot exceed the license fee paid for the materials. Any claim for damages by the licensee must be made under a shortened statute of limitations. These last two provisions may be unacceptable to a library because

61. Id. [§] 4.
62. Id. [§] 5.
63. Id. [§] 7.7. “Special or consequential damages” are losses or injuries that do not flow directly from the act of a party, but only from some of the consequences or results of such act. Black’s Law Dictionary 394 (7th ed. 1999). For example, special damages would be damages peculiar to a party to the contract, such as lost profits. Consequential damages include injury to property or person resulting from a breach of contract.
64. Academic: Single Institutional Licence, supra note 60, [§] 7.7.
65. Id.
the publisher could be liable for copyright infringement, and penalties for infringement can greatly exceed any license fee the library might have paid. Likewise, the library should insist on the normal contractual statute of limitations available under state law for any claim against the publisher.

§31 Under the “Big Easy” licenses, the library will indemnify the publisher for breach of the license agreement, but any improper use by an authorized user as defined in the agreement is excluded from such indemnification. The publisher in this license agreement does warrant against copyright infringement, meaning the materials in the electronic product do not infringe the copyright of any author. This is an important representation to obtain from the publisher. The library obviously will have no control over whether the publisher obtained the proper permissions for use of material in its electronic database. Nevertheless, the library by using the material may be liable under copyright law. The publisher should assume this risk because the publisher controls whether proper permissions were received and consequently should indemnify the library for any claims. This agreement also requires mediation in the event of any disputes over its terms.  

**Liblicense License**

§32 Yale University Library maintains a very useful resource on the licensing of electronic materials called the LIBLICENSE Project. The staff of LIBLICENSE drafted a standard agreement for academic libraries to use in obtaining electronic products. As one might imagine, this license agreement generally favors the library or licensee. It states that the materials may be used according to the fair use principles of copyright law. However, the agreement does not define the term “fair use.” In contrast, other license agreements include a provision stating something like the following: “Nothing in this License shall in any way exclude, modify or affect any of Licensee’s statutory or common law rights under the copyright laws of the United States.” Under the LIBLICENSE standard license agreement,

66. *Id.* [§] 8.2.
67. *Id.* [§] 7.1.
68. *Id.* [§] 12.
71. STANDARD LICENSE AGREEMENT, *supra* note 70, [§] 4.
72. See, e.g., ACADEMIC: SINGLE INSTITUTIONAL LICENCE, *supra* note 60, [§] 3.3; NESLI Site License, [§] 3.4, at http://www.nesli.ac.uk/modelllicence8b.html (last visited June 16, 2002); MCB UP Ltd Consortium License, Section 5.3, at http://emeraldinsight.com/resources/emrldp.htm (last updated Sept. 15, 2001). Some licenses define fair use by referring to certain sections of the Copyright Act of 1976, but do not limit the definition of “fair use” to those provisions. See also ICOLC STATEMENT, *supra* note 25, III.D.1 (license agreement should allow the use of electronic information within the parameters of "fair use").
the materials may not be used for commercial purposes. However, materials may be used in course packs. These provisions may be viewed as inconsistent, and the language should be clarified to ensure that a course pack is not a commercial use.

§33 The LIBLICENSE standard license agreement provides that if modifications to the electronic product make it “less useful” to the licensee, then the licensee has the right to terminate the license early with a pro rata refund of the license fee. This agreement provides for a perpetual license of the electronic materials so that the library can serve its archiving function. Most publishers are likely to object to this provision.

§34 Under the LIBLICENSE standard license agreement, the licensor warrants that there is no copyright infringement and the product is free from defects for a certain time period (which may be negotiated). Licensor benefits from a limited warranty selling the product “as is” and from a provision excluding liability for any special or consequential damages. The licensor also indemnifies the licensee against any claim of copyright infringement. Like the “Big Easy” license, this license includes an alternative dispute resolution provision.

**JSTOR License**

§35 JSTOR, a nonprofit organization started by the Andrew W. Mellon Foundation, maintains an electronic repository of scholarly journals. JSTOR licenses this electronic repository to libraries. While JSTOR was created to serve libraries and their users, its license agreement is not favorable to libraries. The term “authorized users” is not defined in the agreement. No e-mail transmission of articles is allowed, although printed copies may be used for interlibrary loan. Users may download an electronic copy of an article and one print copy only for their non-commercial use. As part of the license agreement, the licensee has no rights to the

---

73. STANDARD LICENSE AGREEMENT, supra note 70, [§] 6.
74. Id. [§] 4. A “course pack” is a compilation of materials, such as articles or newspaper accounts, that are used in a course. Generally, the course packs are sold at cost and not for a profit.
75. STANDARD LICENSE AGREEMENT, supra note 70, [§] 7.
76. Id. [§] 13.
77. The ALPSP License Agreement includes such an archiving provision. PA/JISC MODEL LICENCE—FRAMEWORK FOR MATERIAL SUPPLIED IN ELECTRONIC FORM, at http://www.ukoln.ac.uk/services/elib/papers/pa/licence/Pajisc21.html (Dec. 30, 1998). Unlike other publishers, Elsevier Science, an affiliate of Reed Elsevier, and Yale University have entered into a joint venture to develop an electronic archive of science, technical, and medical journals. See Press Release, Yale University, Yale Library to Plan Digital Archives with Elsevier Science, supra note 47.
78. STANDARD LICENSE AGREEMENT, supra note 70, [§] 14.
79. Id. [§] 15.
80. Id. [§] 16.
81. Id. [§] 19.
82. For more information, see THE HISTORY OF JSTOR, at http://www.jstor.org/about/background.html (last updated Feb. 14, 2002).
proprietary software used to retrieve the items. This provision therefore limits the ability of the library to archive these articles. The license agreement contains a broad disclaimer of warranties and, in fact, the product is sold “as is.”

§36 The terms require users to indemnify JSTOR for a breach by any user of their product. A separate page on the JSTOR Web site states that the license agreement will only ask librarians to use reasonable efforts to prevent unauthorized use of the electronic materials. This statement is inconsistent with the terms of the license agreement. The provisions of the license agreement will govern over any contrary statement, whether written or oral, by the publisher or the publisher’s representative, such as a notice on the publisher’s Web site.

§37 Finally, the license allows JSTOR to change the terms of the license or any aspect of the JSTOR database at any time. At a minimum, the library should have prior notice to a change in the license terms and the option to terminate the license early if the change is material. Any dispute under the agreement must be mediated.

Negotiating Points

§38 The prior discussion analyzed selected license agreements from the perspective of the library purchaser. Following are some issues and suggested responses for librarians reviewing or negotiating license agreements. Rarely will a librarian address all these issues in one license agreement, but all will arise on a regular basis.

Pricing

§39 When thinking about prices of materials, librarians tend to apply a model that contemplates a cost per item plus a fixed profit percentage. The combined sum will equal the purchase price. Publishers, on the other hand, believe pricing to be only somewhat related to cost. For instance, some publishers state that they are selling some electronic materials below cost. Academic librarians generally believe electronic materials should cost less than print materials.

§40 Under generally accepted economic theory, price is usually determined by

84. Id. ¶ 5.
85. Id. ¶ 8.
86. Id. ¶ 11.
88. TERMS & CONDITIONS OF USE, supra note 83, ¶ 14. This provision seems particularly egregious because it allows JSTOR alone to change the agreement without the licensee’s consent. The licensee may be able to argue that the change cannot be enforced without consideration. On the other hand, the licensee did agree to this provision when entering into the license and therefore agreed to its subsequent effect.
89. Id. ¶ 13.
91. See ICOLC STATEMENT, supra note 25, ¶ III.B.1.d. ("Libraries should have the option to purchase the electronic product without the paper subscription, and the electronic product should cost less than the printed subscription price.").
what the market will bear.\textsuperscript{92} Unless a good is a commodity, price generally has no direct relationship to cost. Electronic information is currently not a commodity because of the protections of copyright law and license agreements.

\textsuperscript{91} With the advent of electronic license agreements, many pricing mechanisms are available to both publishers and libraries. Libraries can enter into flat-fee subscription agreements such as those offered by LexisNexis or Westlaw. Other publishers permit a pay-per-view pricing mechanism or a pay-per-view plus free views of an item after the initial view. Under these schemes, a library would pay a per article or per item fee for viewing the item the first time. Some publishers would offer additional views of the same item at little or no additional cost. Other publishers would provide no discount on the fee for another view of the same item.\textsuperscript{93}

\textsuperscript{92} Librarians must carefully consider the pricing mechanism offered by the publisher and make sure the use of materials is clearly understood along with the price consequences. Elsevier Science and several universities recently completed a multiyear study on the pricing of electronic serials. One preliminary conclusion from this study is that librarians' expectations about the use of serials do not match the reality of how patrons use serials.\textsuperscript{94} Users tend to use a relatively small number of journals in their area of interest, but to use those journals intensively.\textsuperscript{95}

\textsuperscript{93} Librarians should understand how patrons use information resources, such as serials, in order to make better-informed decisions about negotiating prices for electronic access. If users tend to use a select few journals intensively, the purchase of a subset of an aggregate database, rather than the entire database, may be more appropriate.

\textbf{Users}

\textsuperscript{94} The definition of the term "users" becomes very important in electronic license agreements. When dealing with the purchase of printed materials, the definitions of "users" was taken for granted because the general law of copyright defined that term.\textsuperscript{96} In a contractual setting, however, the license agreement must define "users." Librarians must carefully consider who should fall within the definition of

\begin{itemize}
\item \textsuperscript{92} Lesk, supra note 29, at 201; Meyer, supra note 28, at 326.
\item \textsuperscript{93} The University of Michigan and Elsevier Science jointly conducted a study—the PEAK (Pricing Electronic Access to Knowledge) Project—which experimented with serials pricing. \textit{See What is PEAK?}, at http://www.lib.umich.edu/libhome/peak/overview.html (last visited July 5, 2002) ("PEAK will explore both bundling and nonlinear pricing opportunities afforded by electronic access."); Leslie Horner Button, \textit{PEAK Project Overview}, \textit{38 Serials Libr.} 89, 90 (2000); John M. Harr, \textit{Project PEAK: Vanderbilt's Experience With Articles on Demand}, \textit{38 Serials Libr.} 91, 93 (2000).
\item \textsuperscript{94} For instance, at Vanderbilt University, a small proportion of scientific journals to which the library subscribed were actually accessed by users. In addition, it appeared that different users tended to access the same article multiple times. Therefore, the pay-per-view with additional views at little to no cost appeared advantageous to Vanderbilt University library users. Harr, supra note 93, at 93.
\item \textsuperscript{95} \textit{Id.}
\item \textsuperscript{96} Richards, supra note 23, at 93.
\end{itemize}
“users” within their particular library community. “Users” should at least include the current faculty, staff, and students of the university. Distance education students, temporary researchers, and patrons walking into the library on campus likely should fall within the definition of “users.” There may be additional groups of users who should be included, for instance, retired faculty if they retain their university network identification numbers for a period of time.97

Access

¶45 Librarians must consider how users will access the electronic material. Will the materials be loaded on the university’s or law library’s network or available through the Internet? Will passwords be necessary for access to the materials or are IP addresses sufficient? Will access be allowed off campus, which is particularly important for distance education students and students who wish to work from their homes (or faculty or staff, for that matter)? The mode of access to the electronic materials is closely related to the definition of users and should be carefully considered prior to entering into an electronic licensing agreement. Because the management of passwords assigned to users can be complicated and time-consuming, access via IP address is preferred over access by password.

Uses

¶46 In an academic setting, publishers typically and reasonably would require that the library and its patrons not use their electronic materials for commercial purposes. In a private law firm, commercial purposes are generally the sole reason attorneys use a database. However, these restrictions on use in the license agreement frequently go beyond this basic limitation. Librarians should be particularly aware of any restrictions on the fair use of electronic materials as provided under United States copyright law. A patron’s use of print materials and electronic materials should be equivalent. The terms of a license agreement supersede the provisions of copyright law. Parties can generally waive their legal rights (including fair use)98 as long as such waiver is not against public policy.99 Therefore, there should be an explicit statement in the license agreement that fair use principles apply to the digital materials licensed under the agreement to make clear the library and its users have the right to use these materials as they would print materials. Most users reasonably expect that they can use all materials in the library in a similar manner, unless specifically told otherwise. In other words, there should be no restrictions in the electronic license agreement that would be more restrictive than that pro-

97. See Okerson, supra note 1, ¶ 7.
99. “Against public policy” generally means against a fundamental legal right or tenet that a legislature or a court believes should take precedence over any contractual provision. For instance, an employment contract in which the wage rate is less than the minimum wage would be unenforceable because it is against public policy. See Niagara Wheatfield Adm'rs Ass'n v. Niagara Wheatfield Cent. Sch. Dist., 375 N.E.2d 37, 39 (N.Y. 1978).
vided under the copyright law for printed materials. Of course, many publishers vehemently disagree with this view,\textsuperscript{100} and therefore negotiations on this issue may be difficult.

\textsuperscript{\textsection}47 The Digital Millennium Copyright Act\textsuperscript{101} generally follows the principle that the interlibrary loan exception under copyright law\textsuperscript{102} does not apply to digital materials that are delivered in digital format outside the premises of the library.\textsuperscript{103} In other words, a library may loan a physical copy of electronic information, but not a digital copy.

\textsuperscript{\textsection}48 Generally, libraries should seek to achieve electronic license agreements that allow for the following: (1) copies to be made for course packs of faculty of the institution; (2) electronic materials to be loaned to other libraries (at a minimum, libraries should be allowed to print an article from the electronic materials and send the printed material as part of their interlibrary loan service just as they do for printed materials); (3) copies by users of electronic materials within the limits of the law of fair use;\textsuperscript{104} and (4) formatting the electronic data in another form to be used within the limits of fair use.

**Indemnification/Limitation of Liability**

\textsuperscript{\textsection}49 Generally, in a database license, the library customer should not indemnify the publisher for anything. This includes library users violating copyright law in their use of the electronic material.\textsuperscript{105} The library simply does not have control over how users will use the materials. However, the library should agree to make reasonable efforts to correct or address misuse of which it has actual knowledge. Actual awareness, not reasonable awareness, should trigger action by the library. These reasonable efforts may include denying access to a user who has used the electronic material in violation of copyright law.\textsuperscript{106} Frequently under state law, public institutions are not authorized to indemnify a third party for anything. In a publicly funded institution, the librarian should determine what authority, if any, the library has to indemnify a third party and for what type of claims.

\textsuperscript{\textsection}50 The publisher, on the other hand, should indemnify the library from certain claims, specifically for claims of copyright infringement related to the content of the database. The publisher is selling a product and therefore it should warrant that it has permission to use any copyrighted material in its database. The knowledge of whether it has obtained these permissions is wholly within the control of the publisher; therefore, the publisher, not the library, should bear this risk.

\begin{itemize}
  \item \textsuperscript{100}See supra \textsuperscript{\textsection}8–12.
  \item \textsuperscript{102}17 U.S.C. \textsection 108(a) (2000).
  \item \textsuperscript{103}Id. \textsection 108(b).
  \item \textsuperscript{104}Richards, supra note 23, at 97.
  \item \textsuperscript{105}GEORGIA HARPER, SOFTWARE AND DATABASE LICENSE AGREEMENT CHECKLIST, at http://www.utsystem.edu/OGC/intellectualproperty/dbckfrml.htm (last updated July 25, 2001).
  \item \textsuperscript{106}See Okerson, supra note 1, \textsuperscript{\textsection}2.E].
\end{itemize}
Indemnification provisions should be reviewed closely to ensure that there is no time limitation for making a claim under the license agreement that is more stringent than that allowed under applicable state law for general contract claims. Publishers, on occasion, will include a time limit in their license agreement that is much shorter than the statute of limitations for breach of contract, which typically is three years from the date of breach. Furthermore, librarians should review this provision closely to ensure there is no limitation on the monetary amount for which the publisher will indemnify the library. Copyright infringement claims can be very expensive, even if no liability is found, because of the attorneys’ fees incurred by the defendant. Publishers occasionally include a limitation on the amount of the indemnification to be equal to the license fee under the database. The license fee frequently is not sufficient to cover legal costs necessary to file a written response to a complaint, let alone see the complaint through litigation.

Signatories

The librarian should determine what is the appropriate legal entity to sign the license agreement. This may not be as easy as it sounds. For instance, the law school library of a state law school may not be a separate legal entity from the parent state university. If the library director signs the contract in that name, the contract would technically not be enforceable. A call to legal counsel of the university (or an administrator in the case of a private law firm) may be necessary to determine the exact legal entity name in which the contract should be signed.

Once the exact entity name is determined, the librarian must determine who has authority to sign a contract. Universities, colleges, and private law firms frequently have policies regarding who can sign a contract that binds the legal entity. In many private law firms, for instance, the law librarian does not have this signing authority. This authority may exist with the firm administrator or the managing partner of the firm. These individuals will rely greatly on the librarian’s expertise and understanding of the contract, but the law librarian may not have the actual authority to sign it.

The librarian should retain a copy of the executed contract and should ensure that an archive of all the license agreements for which the library is legally responsible is maintained. Ideally, this archive will not merely be a file containing copies of the executed license agreements (although that is much better than nothing). Rather, the archive will include summary information regarding the license agreement, such as mode of access, renewal term, license fees, and license fees for future years if they have been negotiated in the license agreement.

Renewal of License

Librarians should also be concerned with the term and duration of the license agreement. Generally librarians should be able to renew the license at their option with prior written notice to the publisher. The library should be required to deliver the written notice to the publisher within a reasonable amount of time, such as
thirty days, prior to the termination of the license. Librarians should be wary of any provision in a license agreement that automatically renews the product without some sort of prior written notice to the librarian. The notice of renewal should be delivered to the librarian so that there is sufficient time to evaluate the continued need of the electronic product and ensure the price charged is a reasonable value for the library.

**Early Termination**

§56 The license agreement should specifically define the reasons for early termination and should give both parties an opportunity to cure any default within a reasonable period. A large organization, either the library or the publisher, may inadvertently cause a technical default; therefore, written notice and a reasonable opportunity to cure any default should be allowed by the terms of the contract.

**Dispute Resolution**

§57 A provision allowing for mediation or alternative dispute resolution should generally be acceptable to a library or publisher. At times, these procedures (as opposed to court litigation) may be less expensive and time-consuming for a library in order to deal with misunderstandings or poor performance under the license agreement. However, a library should be careful before agreeing to a binding arbitration provision that would prevent the library from seeking a remedy in a court of law. The institution of which the library is a part may have a policy on alternative dispute resolution procedures in a contract. Also, some alternative dispute resolution techniques are not as cost-efficient as once hoped. Arbitrations can be as costly as trials.

**Governing Law**

§58 The governing law provision is frequently overlooked in license agreements. But with the passage of the Uniform Computer Information Transactions Act (UCITA)107 in Virginia108 and Maryland109 and the fact that UCITA is under consideration in other states,110 librarians should carefully consider the governing law proposed in the contract. UCITA generally is not favorable to libraries; therefore, libraries should not accept a governing law provision stating that the law of Virginia or Maryland will govern the contract. Similarly, the law of any other state that has enacted UCITA should be avoided. Many public institutions are required to enter into contracts under the law of their state. If that state has enacted UCITA, the library should insist on opting out of UCITA altogether which is permitted under provisions of UCITA.111

111. UCITA, *supra* note 107, § 104. Section 104 of UCITA does provide that the parties to a contract cannot opt out of certain consumer protection provisions of UCITA. *See infra* §§ 67-69.
§59 Some publishers will object to a change in the governing law provision. If so, the librarian should delete the provision. While the deletion does not resolve the issue, it does postpone the “battle” of what law governs.

Forum Selection

§60 License agreements frequently include a provision that any lawsuit shall be decided in a court of law located at the principal place of business of the publisher. Librarians should be careful with these provisions that prescribe the location of litigation. Litigating a lawsuit in a location that is geographically far away from the library’s location can be expensive. Library personnel may have to travel to this location during the trial, and in-house counsel for the library may have to hire local counsel at that location to help litigate the case (even if it does not go to trial, as most litigation does not) in order to comply with the procedural requirements of pursuing a lawsuit in that location. Again, a librarian should check on any institutional policy regarding forum selection in contracts.

Archiving

§61 The archiving of digital materials is generally not provided for in license agreements. Publishers generally draft these license agreements and frequently do not discuss this issue. The monetary value of the license agreement is in its ability to generate recurring annual fees. Archiving of materials previously licensed tends to decrease the amount of fees available under a license agreement. Librarians generally will have to ask for the right to archive digital materials. A few license agreements do provide for archiving.¹¹²

Updates or Upgrades to Software

§62 Librarians should ensure that the license agreement includes a provision that gives the library the right to any updates of the content of the databases. Frequently, this type of provision is included in the license agreement. However, without such a provision, publishers would have the right to deny such updates.

§63 Ideally, the librarian should also ask for any upgrades to the searching software. The difference between an update and an upgrade is a fine distinction and there is not yet a common understanding of the difference in legal meaning between these terms. In common parlance, an upgrade is a change to software to which a customer is not entitled unless the license agreement specifically provides for it. Therefore, the library must be cognizant of the needs the license agreement

¹¹² See, e.g., EMERALD, EMERALD PLUS—MCB UP LTD. CONSORTIUM LICENSE, at http://emeraldinsight.com/resources/emrldp.htm (last updated Sept. 19, 2001) (“[Sec.] 2.3. On termination of this Licence other than for cause as specified in clause 12.1 other than breach by the Consortium, the Publisher shall provide continuing access for Authorised Users to that part of the Licensed Material which was published within the Subscription Period, either from the Server, or by supplying electronic files to the Consortium.”).
is intended to fulfill and make sure that the library has a right to obtain any changes in the product that the library will need in the future. This need for updates or upgrades becomes more critical as the duration of the license agreement lengthens.

Assignment

If the library requires the ability to assign the license agreement to another entity, the library should ensure that a broad assignment provision is included in the license agreement. Publishers generally do not allow assignments of their license agreements without their prior written consent. While the need for an assignment may be unusual, the librarian should consider this possibility. The library's right to assign the contract may be needed if the library's collection is merged with another collection or the institution of which the library is a part is sold or merged into another institution. For instance, a librarian in a private law firm may consider requesting an assignment provision in order to prepare for the possible merger or sale of the law firm.

Disclaimer of Warranties

In any license agreement, a publisher usually makes certain warranties regarding the electronic product. For instance, the publisher could make warranties regarding the performance of the product, such as that it will be available online for a certain number of hours per week except for regular scheduled maintenance of the database and its servers. Frequently, however, publishers will only make an "as is" warranty regarding the electronic product. Furthermore, the publisher will disclaim certain specific warranties such as any implied warranty for a particular purpose or merchantability. While these disclaimers typically appear in license agreements, the librarian should ensure that the library receives a warranty from the publisher that the product is free of defects and has been produced in a workmanlike manner.

Along with the disclaimer of warranties, publishers will typically include provisions limiting the type of damages for which the publisher will be liable. A restriction on special or consequential damages under the contract is common both in license agreements and in commercial contracts generally. In such an instance, the publisher would not be liable for a user missing a deadline in a paper compe-

113. These warranties are described in provisions of the Uniform Commercial Code. Implied Warranty of Merchantability: "Goods to be merchantable must be at least such as: (a) pass without objection in the trade under the contract description; and . . . (c) are fit for the ordinary purposes for which such goods are used; and (d) run, within the variations permitted by the agreement, of even kind, quality and quantity within each unit and among all units involved; and (e) are adequately contained, packaged, and labeled as the agreement may require." UNIF. COMMERCIAL CODE § 2-314(2), 1A U.L.A. 212 (1989). Implied Warranty of Fitness for a Particular Purpose: "Where the seller at the time of contracting has reason to know any particular purpose for which the goods are required and that the buyer is relying on the seller's skill or judgment to select or furnish suitable goods, there is . . . an implied warranty that the goods shall be fit for such purpose." Id. §2-315.
tion because its online electronic product was not available at a critical time for the user. However, the damages for which the publisher may be liable should not be so restricted that the library has no hope of recovering any damages if the electronic product does not work as promised. At a minimum, the publisher should agree to replace the electronic product if it is defective or repair it promptly in a workmanlike manner. If the product is not repaired or does not work to the reasonable satisfaction of the library, the library should have the option, with prior written notice, to terminate the license agreement.

Uniform Computer Information Transactions Act

A thorough discussion of the provisions and implications of UCITA is beyond the scope of this article. However, librarians generally should be wary of the provisions of UCITA as they relate to electronic license agreements. Although only enacted in Virginia and Maryland, the provisions of UCITA undercut fair use principles. Generally, librarians should insist that electronic license agreements specifically opt out of the provisions of UCITA, an action that is allowed by section 104 of UCITA itself.

Librarians should be aware of the following aspects of UCITA when they negotiate electronic license agreements. Under UCITA:

- Publishers can change contractual terms unilaterally.
- Notice from either party via e-mail is legally effective. Specifically, e-mail notice to any employee of the library could be a legally effective notice. At a minimum, librarians should insist on a notice provision that includes a specific e-mail address if they do not opt out of the provisions of UCITA altogether.
- Shrink-wrap license agreements are clearly enforceable under UCITA even though the common law generally disfavors “contracts of adhesion.”
- The provisions of UCITA override the fair use principles provided under copyright law and related case law. UCITA provides that transfer of title of a copy does not transfer ownership, thereby reversing the first sale doctrine.

116. UCITA, supra note 107, § 104.
117. Id. § 304(b).
118. UCITA, supra note 107, § 209. See Wingard v. Exxon Co. USA, 819 F. Supp. 491, 503 (D.S.C. 1992). Contracts of adhesion are agreements where no negotiation is permitted because one party has some sort of leverage or power over another. An example is a consumer credit loan application. The lender tends to have more power over a consumer and can follow a “take it or leave it” approach. As a result, most courts held contracts of adhesion to be unenforceable.
119. UCITA, supra note 107, §§ 501-02.
The scope of use of licensed materials will be narrowly construed in favor of the licensor.\textsuperscript{121} The common law generally held that any limitation on the scope of use under a license agreement must be expressly stated in the contract. The provisions of UCITA reverse this general principle of contract interpretation.

If a license agreement is silent on the number of users who are able to use the electronic product, then a reasonable number of users will be allowed.\textsuperscript{122} The term "reasonable," even though a legal term of art, is ambiguous, and a license agreement should specify the number of concurrent or total users who can use the electronic product.

A library cannot assume it is entitled to updates or new versions of a database. If new versions or updates are needed, the librarian should specifically negotiate such a provision in the license agreement with time and delivery targets.\textsuperscript{123}

UCITA does not provide a right to recover consequential damages for losses resulting from the content of published information.\textsuperscript{124} Without a consequential damages provision, a library will not be able to recover for a "licensor's breach of a warranty as to the content of information destined for the general public."\textsuperscript{125} If UCITA could potentially govern the license agreement, then the library may wish to consider including language allowing the library to recover consequential damages.

Certain electronic self-help remedies are available to the publisher in the event of a material breach of the license agreement by the licensee.\textsuperscript{126} Publishers may have the right to terminate access to an electronic product unilaterally, from a remote location, and without notice. These provisions have been some of the most controversial of UCITA.

\textsuperscript{69} Again, ideally, the librarian will be able to opt out of UCITA, and the license agreement should contain a specific provision stating that the provisions of UCITA as enacted in any state will not apply to the interpretation and construction of the license agreement.

\section*{Conclusion}

Publishers of electronic materials have strategically employed license agreements to sell their products. License agreements provide a continuous revenue

\begin{itemize}
\item \textsuperscript{121} UCITA, \textit{supra} note 107, § 307(a).
\item \textsuperscript{122} \textit{Id.} § 307(c); Charles H. Fendell & Dennis M. Kennedy, \textit{UCITA Is Coming! Part Two: Practical Analysis For Licensors' Counsel}, \textit{COMPUTER LAW.}, Aug. 2000, at 3, 6.
\item \textsuperscript{123} UCITA, \textit{supra} note 107, § 307(d); Fendell & Kennedy, \textit{supra} note 122, at 8.
\item \textsuperscript{124} UCITA, \textit{supra} note 107, § 807(b)(1).
\item \textsuperscript{125} Cooke, \textit{supra} note 120, at 59.
\item \textsuperscript{126} UCITA, \textit{supra} note 107, §§ 605, 815, 816.
\end{itemize}
stream compared to one-time sales of printed materials. Publishers also have been advocating the legal position that copyright law does not apply to digital materials in the same way it applies to printed materials with the goal of improving the profitability of electronic information.

¶71 The library community has responded to these developments by creating principles for the licensing of electronic resources and drafting standard license agreements. However, most license agreements currently in use are drafted by publishers and therefore favor their positions. Librarians should be wary of these agreements and scrutinize them carefully to ensure they do not restrict the needs of their users.

¶72 This article is intended to give practical guidance on what provisions to look for in a license agreement and to suggest responses to publishers for those provisions that are objectionable. Electronic information is very important to the operation of libraries today and will likely become even more important in the future. Librarians must learn to manage these license agreements in order to maximize the benefits of electronic information for users.