

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 59.1-505.3 of the Code of Virginia, relating to transfer of contractual*  
3 *interest in computer information.*

4  
5 Approved

[H 576]

6 **Be it enacted by the General Assembly of Virginia:**

7 **1. That § 59.1-505.3 of the Code of Virginia is amended and reenacted as follows:**

8 § 59.1-505.3. Transfer of contractual interest.

9 The following rules apply to a transfer of a contractual interest:

10 (1) A party's contractual interest may be transferred unless the transfer:

11 (A) is prohibited by other law; or

12 (B) except as otherwise provided in paragraph (3), would materially change the duty of the other  
13 party, materially increase the burden or risk imposed on the other party, or materially impair the other  
14 party's property or its likelihood or expectation of obtaining return performance.

15 (2) Except as otherwise provided in paragraph (3) and § 59.1-505.8 (a) (1) (B), a term prohibiting  
16 transfer of a party's contractual interest is enforceable, and a transfer made in violation of that term is a  
17 breach of contract and is ineffective to create contractual rights in the transferee against the  
18 nontransferring party, except to the extent that:

19 (A) the contract is a license for incorporation or use of the licensed information or informational  
20 rights with information or informational rights from other sources in a combined work for public  
21 distribution or public performance and the transfer is of the completed, combined work;

22 (B) the transfer is of a right to payment arising out of the transferor's due performance of less than  
23 its entire obligation and the transfer would be enforceable under paragraph (1) in the absence of the  
24 term prohibiting transfer; or

25 (C) the term is in a mass-market license, the transfer is made along with a computer, and the transfer  
26 is a gift or a donation (i) to a public elementary or secondary school, (ii) to a public library, (iii) to an  
27 organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code, or (iv) from a  
28 consumer to another consumer.

29 ~~(D) the transfer is in connection with a merger or the acquisition or sale of a subsidiary or affiliate~~  
30 ~~involving the licensee and another person and is made (i) to preserve the integrity of information and~~  
31 ~~information processing systems used by the licensee, or (ii) to ensure compatibility of information and~~  
32 ~~information processing systems among the parties involved in the merger, acquisition, or sale.~~

33 (3) A right to damages for breach of the whole contract or a right to payment arising out of the  
34 transferor's due performance of its entire obligation may be transferred notwithstanding an agreement  
35 otherwise.

36 (4) A term that prohibits transfer of a contractual interest under a mass-market license by the licensee  
37 must be conspicuous.

ENROLLED

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