Enforceability of free/open source software licensing terms:
A critical review of the global Case - Law

By Thanos K. Tsingos

Abstract

Free/Open source software (FOSS) undoubtedly constitutes a unique movement that has reformed the basic marketing standards of the IT industry. The drafters of the FOSS project have - however - "imposed" their own "innovative" and "challenging" terms, under which such software may be licensed and farther managed.

At the beginning, the enforceability of those licensing terms in the light of the traditional copyright law system remained a much questionable issue to be resolved. But the second decade of the 21st Century reveals that many FOSS licensing terms have been regarded as "enforceable" before the Courts, inasmuch the relevant case law around the world suggests. Thus, despite the different legal traditions among the nations in terms of Copyright Laws, this paper discusses the aforementioned issue, taking into account segmental examples of the global Jurisprudence.

In the abovementioned context, PART I discusses the basics about computer software and the free/open source software movement and provides a brief analysis on the legal protection of computer programs by copyright, the traditional copyright licensing schemes and the newly introduced F/OSS licensing terms and conditions. In Part II, the author offers a wide description of the existing case law in terms of validity and enforceability of those F/OSS licensing terms both in the USA and within the borders of the EU, in the factual context of each single case. Finally, in Part III a review of the existing case law will take place in terms of copyright, thereby comparing the legal approaches that seem to have followed by the two continents from which the jurisprudence derived: the USA and the EU and reaching to some useful conclusions thereto.

1. Introduction

When John Tukey first used the term "software" in a 1958 article in *American Mathematical Monthly*[1], he could have probably never thought that almost fifty years after, a discernible sector, a huge industry around the world would be involved in and work on the production of such "software". Indeed, the independent IT sector is nowadays so developed that it would not be exaggeration to say that - in economic terms - it demonstrates a considerable stability compared to all others, even under the dramatic conditions of a worldwide recession; It should be worth of noting that the worldwide software spending was a total $232 billion in 2010, a 5.1 percent increase from 2009 and is expected to grow farther within 2011, since the impact of today's

recession on the software industry was quite tempered and not as dramatic as other IT markets.[2]

In the today's world of computer programs one could possibly draw a useful – for our analysis - distinction between "proprietary software" and "free or open source" one, thereby distinguishing the relevant works depending on the "underlying copyright philosophy" of its creators.[3]

Traditional proprietary software is licensed through licensing agreements which usually define in detail what the licensee is permitted to do with respect to the licensed software. In those cases, the scope of the license is at most determined by the description of the acts that a licensee is entitled to proceed, since those acts constitute the very subject matter of the author's exclusive economic rights granted under copyright law. Such licenses are "restrictive" in the sense that licensees are allowed to proceed to a few and precisely prescribed uses, the recitation of which is at the centre of the license; thus, any use of the software beyond the agreed ones, constitutes a copyright infringement under the applicable copyright law.

However, that is not exactly the case with free/open source software. Here, the initial creator is willing to grant more freedom to its licensees by allowing more uses of the software, but he –together – sets forth certain conditions, under which such software may be further copied, modified, distributed etc. Contrary to proprietary licensing, the "heart" of a free/open source license is located on the consistent observance of those conditions on behalf of the licensee; such conditions may vary from mere attribution requirements to the strong "copyleft" clauses that every modification of the software must also be licensed under the same license terms as the initial one. The most important difference between those licensing schemes is that in free/open source software licenses the notion of "copyright infringement" is clearly peculiar: the distribution of the software without adhering to the "terms" and "conditions" of the free/open source license is pursued to constitute the copyright infringement.

The purpose of this contribution is to review the existing – at the time of writing - case law that deals with the specific issue of the validity and enforceability of such open source licensing terms and conditions from a copyright law point of view. The analysis is based on the self – evident fact that copyright laws may vary greatly across the world; thus, a detailed analysis of the copyright law system of each and every single State, in which the relevant judgements take place is inevitably not possible. Nevertheless, just the same, it proves to be true that there is an expanding case law that sets out the legal nature, the scope and the legal consequences of the existence of such terms and conditions within a free/open source license and its legal interrelation to copyright laws.

In this first part, we mention the basics about the computer software and the evolution of the free/open source software as a movement in the history of the IT industry. We then turn our discussion to the protection of computer programs by copyright, the traditional copyright licensing schemes and the newly introduced F/OSS licensing terms and conditions. In Part II, we offer a wide discussion on the existing case law with regard to the aforementioned legal issue of validity and enforceability of those F/OSS licensing terms, both in the USA and within the borders of the EU, in the factual context of each single case. Finally, in Part III a review of the existing case law will

take place in terms of copyright, thereby comparing the legal approaches that seem to have followed by the two continents from which the jurisprudence derived: the USA and the EU and reaching to some useful conclusions thereto.

1.1. Computer Software

There is no consensus on an absolute definition of what precisely is "computer software". In general, it is commonly understood that a computer software is a set of programs, procedures, algorithms and related data along with its associated documentation that provide a computer with the required instructions, so that the latter would be able to perform a specific task.

In principle, a computer can only process tasks which are given in a binary form, the so-called "*object code*". The object code is machine – readable in the sense that it contains a sequence of instructions that is almost unattainable for the human to understand. Thus, in order to program a computer, one needs to use a symbol or programming language[4], that is, another computer program, on which a programmer writes his/her language statements (the *"source code"*). The programmer then runs a separate special program (the so-called compiler or interpreter)[5], that processes those statements and turns them into (or interprets them into) "object code" that a computer's processor uses and understands.

The reverse process of decompilation (translating the compiled code back to a semi-source code) is a part of a broader process of analyzing a computer program (reverse engineering). Such attempts of analyzing computer software can serve various purposes: it can provide information about the parts of a program, which take care of the interaction among the components of a system (interface purposes); it can be used for the production of a computer program that can work together with the decompiled program (interoperability purposes); it can provide the user of the program with assistance in making a code appropriate for a specific application or in removing errors (correction purposes); and finally it may enable a computer programmer to produce a competing software product (competitive purpose).

In the beginning of the computer era, the relevant market was focused on hardware producing. Large hardware producers generally provided computer programs free of charge, by "bundling" them with the hardware sold. In such a hardware – based industry, both professional and amateur programmers developed programs that were then deposited to "software pools", which everyone could draw on free of charge. After a number of years it became clear that both these depositories were functioning below expectations and that the value of the software itself begun to increase as an independent and equally complementary tool of hardware, both working together to achieve a greater level of computer functionality [Buning, 2007].

It was not until June 23, 1969, when IBM, under pressure from a pending antitrust litigation by various competitors and the U.S. Department of Justice, announced that it would unbundle much of its software and services [Wikia, 2011]. That is considered by many commentators as being the date, in which an independent software industry was born. The modernist commercial attitude of IBM in terms of its software along

with the commercialization of its unprecedented "personal computers", which replaced the old "mainframe" computers, put aside the "tailor made" computer programs that were used by the old computers, thereby creating a unique opportunity for the production of "computer software" of any kind and designed to serve various purposes [Bergin, 1970].

1.2. The Free/Open Source Software Movement

The history of the computer software development led the whole world to meet the need of legal protection (in the form of copyright), which inevitable led to a particular licensing scheme, also known as "proprietary software licensing").[6] Nevertheless, from 1983 to date two remarkable initiatives (namely the Free Software Foundation and the Open Source Intitiative) started to challenge the notion of "proprietary software" and introduced the terms "Free Software" and "Open Source Software" correspondingly. As the founders inform us, these two terms do not actually refer to identical meaning. To understand the difference it would be useful to look into that history.

In 1983, when Richard Stallman, longtime member of the hacker community at the MIT Artificial Intelligence Laboratory, announced the GNU project, saying that he had become frustrated with the effects of the change in culture of the computer industry and its users. Software development for the GNU operating system began in January 1984, and the Free Software Foundation (FSF) was founded in October 1985. An article outlining the project and its goals was published in March 1985 titled the GNU Manifesto. The manifesto also focused heavily on the philosophy of free software. He developed *The Free Software Definition* and the concept of "*copyleft*", designed to ensure software freedom for all.

According to the Free Software Definition, Free software is a matter of the users' freedom to run, copy, distribute, study, change and improve the software. More precisely, it means that the program's users have the four essential freedoms:

- The freedom to run the program, for any purpose (freedom 0).
- The freedom to study how the program works, and change it to make it do what [the user] wish (freedom 1). *Access to the source code* is a precondition for this.
- The freedom to redistribute copies so [the user] can help his/her neighbor (freedom 2).
- The freedom to distribute copies of his/her modified versions to others (freedom 3). By doing this [user] can give the whole community a chance to benefit from his/her changes. Access to the source code is a precondition for this.[7]

A program is free software if users have all of these freedoms. As implied by the definition itself, the term "free software" refers to freedom, not price.

However, not all of the users and developers of free software agreed with the goals of the free software movement. In 1998, a part of the free software community splintered off and began campaigning in the name of "open source." The term was originally proposed to avoid a possible misunderstanding of the term "free software," but it soon became associated with philosophical views quite different from those of the free software movement. Those views are reflected in a long "Open Source Definition"[8],

consisting of ten (10) articles formulated by the Open Source Initiative[9], a California public benefit corporation.

In practice, nearly all open source software is free software. However, the two terms are used to express different underlying philosophies. As Richard Stallman, himself explains:

> "…Open source is *a development methodology*; free software *is a social movement.* For the free software movement, free software is an ethical imperative, because only free software respects the users' freedom. By contrast, the philosophy of open source considers issues in terms of how to make software "better"—in a practical sense only. It says that non-free software is an inferior solution to the practical problem at hand. For the free software movement, however, non-free software is a social problem, and the solution is to stop using it and move to free software."

From a legal point of view, it should be emphasized that the philosophical differences of those two initiatives are also reflected to the licenses that consider as certified to be applied to the software in question. To qualify as an "open source license" the license should cover computer software that qualifies as "open source" according to the Open Source definition. Similarly, a license is a "free software license", if the covered program is intended to be used as "free" within the meaning of the Free Software Definition.[10] As a result, a license may qualify as an "open source license" but not necessarily as a "free software license".[11]

1.3. Computer Software and Copyright

The history of the legal protection of computer programs in the form of copyright is quite long. However, it is commonly understood that such protection is causally conjunct to the emergence of software, as an independent creation of the industry. In particular, the hardware independent production of software, taking place in early 70's, the increase in scale and the simple manner in which software – for businesses or for personal use – could be copied, all joined to create a strong need for legal protection of intellectual property rights among software producers [Buning, 2007].

The choice of copyright as the appropriate means of legal protection of computer software was, though, a much questionable issue to be resolved. There was much discussion on whether computer software should be protected under patent, copyright law or under a sui generis approach. However, it was not until 1985, when a Committee of Experts convened jointly by WIPO and UNESCO "broke new ground" by choosing copyright as the appropriate means of protecting computer programs, simulating them to "literary" works within the meaning of Article 2(1) of the Berne Convention [WIPO, 2011]. A few months later and the years after, many countries passed national copyright legislation covering computer software as literary works (e.g. the German Copyright Act - UrhG, 1985, the Dutch Copyright Act of 1994 following long – term case law etc).[12]

It is widely accepted that copyright, as branch of intellectual property, is based on the notion of *exclusivity*. The holder of a copyright-protected work is granted by law with the exclusive authority to dispose his/her protected work "at will". To implement such an exclusive freedom, law grants a copyright holder two fundamental "units" of rights: the moral rights and the economic ones. The first allow the respective owner to take

certain actions to preserve the personal link between himself and the work while the latter allow the owner to derive financial reward from the use of his works by others.

Under moral rights, the owner is granted both the right to claim authorship of the work (sometimes called the right to "paternity") and the right to object to any distortion, mutilation or other modification of, or other derogatory action, in relation to the work, which would be prejudicial to the author's honour or reputation (sometimes called the right to "integrity"). Moral rights are only accorded to human authors and are independent of economic rights in the sense that remain with the author even after he has transferred his economic rights.

The set of exclusive economic rights (and thus every single componential exclusive right) is primary defined by those acts that the owner would attempt on his own work expressing the abovementioned freedom of the owner, such as: the reproduction of the work (making copies)[13]; the public performance of the work; the broadcasting or other communication to the public of the work; the translation of the work; and the adaptation of the work. Each of those acts constitute the very subject-matter of corresponding exclusive rights granted to the owner under copyright. [WIPO, 2011]

One of the most important international legislative instruments in the field of copyright is the Berne Convention on the protection of literary and artistic works its origins taking place back in 1886. That international convention -last revised in 1971- prescribes the minimum standards to the copyright legislation of the members of the Berne Union and also includes the rule of national treatment. Nevertheless, none of its provisions relates to computer software as a copyright-protectable work [Szinger, 2001].

The first, however explicit reference to computer programs (software) as a work protected by copyright was made by virtue of Article 10 (1) of the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of 1994, stating that "Computer programs, *whether in source or object code*, shall be protected as *literary works* under the Berne Convention (1971)".[14]

This provision confirms that computer programs must be protected under copyright and that those provisions of the Berne Convention that apply to literary works shall be applied also to them. It confirms further, that the form in which a program is, whether in source or object code, does not affect the protection.[15] The obligation to protect computer programs as literary works means e.g. that only those limitations that are applicable to literary works may be applied to computer programs. It also confirms that the general term of protection of 50 years applies to computer programs. Possible shorter terms applicable to photographic works and works of applied art may not be applied.

Similarly, article 11 TRIPS provides that authors shall have in respect of at least computer programs the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. However, the obligation does not apply to rentals where the program itself is not the essential object of the rental. [WTO, 2011].[16]

Article 9(2) of the TRIPS Agreement reiterates that copyright protection "...shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such."[17] Without prejudice to the fact that the idea/expression dichotomy has been a much questionable matter of judicial review within the national borders of the States – contracting parties to TRIPS, it is generally acceptable that ideas, principles, algorithms or interfaces are excluded from the scope of copyright protection. On the contrary, the related documentation in any form, including application programs and operation systems shall fall within the ambit of copyright protection [Szinger, 2001, WIPO, 2011].

The normal prerequisite that a work must be original is well-suited to be applied to computer programs, as well. Although most routine programs consist of sub-routine elements, which often in themselves could hardly qualify as original works, the combination of such elements and the structuring of the programs – with the exception of a few very simple programs – make them sufficiently creative [WIPO, 2011].

The abovementioned provisions of the TRIPS with respect to computer programs were then supplemented by the subsequent provisions of the WIPO Copyright Treaty of 1996 (WCT) adopted by the WIPO Diplomatic Conference on Certain Copyright and Related Rights and Neighboring Rights Questions held the same year in Geneva.[18] This latter Treaty adopted similar provisions to those of the TRIPS Agreement in terms of copyright protection of computer programs. In particular, Article 4 of the WCT states that "Computer programs are protected as *literary works within the meaning of Article 2 of the Berne Convention…"* and that *"*Such protection applies to computer programs, *whatever may be the mode or form of their expression."* It should be noted that the wording of this provision is slightly different from that of Article 10 (1) of the TRIPS Agreement (*…whether in source or object code…)*; It is argued, however, that the text of Article 4 WCT is just less technology-specific, without that having the meaning of depriving from computer programs the protection accorded to them by the corresponding provision of Article 10 (1) of the TRIPS Agreement, since the scope of application of these two provisions is identical [WIPO, 2011]. [19] Moreover, in accordance to Article 11 TRIPS, Article 7 WCT reiterates that authors of computer programs shall enjoy the exclusive right of authorizing commercial rental to the public of the originals or copies of their works with the same exception, as outlined above.

In the framework of WCT, it is, indeed, of particular interest to note that a separate exclusive economic right is recognized in relation to computer programs. Article 6 (1) WCT provides the exclusive right of "distribution", that is, "…of authorizing *the making available to the public* of the original and copies of … works through sale or other transfer of ownership", while the next paragraph of the same Article deals with the issue of its exhaustion. According to certain views, such a right (surviving at least until the first sale of copies) is an indispensable corollary to the right of reproduction recognized on this basis in many national jurisdictions, while other commentators consider that such an approach does not follow from the principles of many legal traditions around the world. In any case, WIPO considers it advisable to regard the provision of Article 6 (1) as containing "a Berne-plus-TRIPS-plus element" [WIPO, 2011].[20]

Having outlined the international framework of copyright protection of computer programs, which sets forth the obligations of the States – contracting parties to these international agreements, one could possibly reach to the conclusion that ,in short, a

computer program is protected – in its "international" dimension- as a literary work within the meaning of the Berne Convention [Article 2 Berne, Article 10 (1) TRIPS, Article 4 WCT], while the author of such work further enjoys *both* the right to authorize or to prohibit the commercial rental to the public of originals or copies of the program in question [Article 11 TRIPS, Article 7 WCT] *and* the exclusive right of its "distribution" within the meaning of Article 6 (1) WCT.

1.4. Computer Software Licensing

To grant a person with a permission to proceed to certain uses of the software concerned, it is widely accepted that a form of agreement is needed, where the contracting parties shall impress their will and will further define the terms and conditions, which govern their *contractual* relationship.[21] Such agreement typically takes the form of a written contract and is commonly known in the IT industry as a "software license". Thus, a software license is required if the (end) user wishes to make use of a copy of the software, but where such a use would constitute copyright infringement of the software publisher's exclusive rights under copyright law. In effect, the software license acts as a promise from the software publisher to not sue the end user for engaging in activities that would normally be considered as covered by exclusive rights belonging to the software publisher.

In licensing proprietary software, the software publisher grants a license to use one or more copies of software, *but that ownership of those copies remains with the software publisher* (hence use of the term "proprietary"). One consequence of this feature of proprietary software licenses is that virtually *all rights* regarding the software *are reserved* by the software publisher. Only a very limited set of well-defined rights are conceded to the end user. The most significant effect of this form of licensing is that, if ownership of the software remains with the software publisher, then the end user must accept the software license. In other words, without acceptance of the license, the end user may not use the software at all [Madison, 2004]. As such, it is typical of proprietary software license to include many terms which specifically prohibit certain uses of the software, often including uses which would otherwise be allowed under copyright law. As is usually the case with proprietary software licenses, they contain an extensive list of activities which are prohibited, such as reverse engineering, simultaneous use of the software by multiple users, and publication of benchmarks or performance tests.[22]

It follows that the conventional software licensing scheme is generally based on the notion of "pure exclusivity" under copyright law. So, traditional proprietary software is licensed through agreements which usually define in detail what the licensee is permitted to do with respect to the licensed software. In those cases, *the scope of the license is at most determined by the description of the acts that a licensee is entitled to proceed*, since those acts constitute the very subject matter of the author's exclusive economic rights granted under copyright law. Such licenses are "restrictive" in the sense that licensees are allowed to proceed to a few and precisely prescribed uses, the recitation of which is at the centre of the license; *thus, any use of the software beyond the agreed ones, constitutes a copyright infringement* under the applicable copyright law.

1.5. Free and Open Source Software Licensing

In the context of the "proprietary software license", copyright holders almost always license the "object code" of the computer program and not the "source code" itself [Madison, 2004]. The source code in each and every copy of the computer program in question remains with the copyright holder, under the exclusivity of copyright law (proprietary). In the vast majority of the "proprietary software licenses", there are clear terms against decompilation or other method of reverse engineering considering such actions as copyright infringements under the applicable law.[23]

Since the nature and the goal of the "proprietary software" had been challenged by the F/OSS proponents, it was almost impossible for lawyers not to meet a differentiated kind of a software license, other than the conventional one. In the relatively newly introduced "F/OSS licensing regime, the initial creator is willing to grant more freedom to its licensees by allowing more uses of the software, but he –together – sets forth certain conditions, under which such software may be further copied, modified, distributed etc. Contrary to proprietary licensing, *the "heart" of a free/open source license* is located *on the consistent observance of those conditions* on behalf of the licensee; such conditions may vary from mere attribution requirements to the strong "copyleft" clauses that every modification of the software must also be licensed under the same license terms as the initial one. The most important difference between those licensing schemes is that in free/open source software licenses the notion of "copyright infringement" is clearly peculiar: the copying, modification and further distribution of the software without adhering to the "terms" and "conditions" of the free/open source license *is pursued to constitute the copyright infringement*.

Both the FSF and the OSI have approved numerous licenses that undoubtedly differ between themselves in many technical and legal respects. As already implied above, all "free software licenses" are OSI-certified but not all "open source licenses" may qualify as "free software ones".

The classification of F/OSS licenses is indeed a very complex task depending on a large extent on which criterion is used to achieve it. A typical classification inevitably involves the way the so called "*copyleft*" concept appears in the F/OSS license in question.

The actual word 'copyleft' has no legal meaning in itself, it is simply a play on the word 'copyright'. It describes the practice of *using copyright law to remove restrictions on distributing copies and modified versions of a work for others and requiring that the same freedoms be preserved in any modified versions.* An author may, through a copyleft licensing scheme, give every person who receives a copy of a work permission to reproduce, adapt or distribute the work as long as any resulting copies or adaptations are also bound by the same copyleft licensing scheme. For this reason copyleft licenses are also known as *reciprocal* licenses. Copyleft licenses are also *conditional* licenses. One of the conditions licensee must satisfy before distributing copylefted software is that any changes he makes to that software be likewise released under the copylefted license. A copyleft license ensures that all modified versions of the project remain free in the same way.

It should, however be noted that the concept of "copyleft" relies on the basic principles of copyright [Reidenberg, 2007]. Whereas copyright law has traditionally been used *to withhold permission* to copy, modify or distribute software, *some licenses instead use copyright law to require that such permissions be granted*. Such licenses are said to keep code "forever free" [SFLC, 2008]. It is sometimes said that while a copyright generally enables a person to claim "*all rights reserved*", a copyleft generally means "*some rights reserved*". Although this is not a legal terms and it carries no legal significance, it is one of the central terms in the hacker community to denote their discontent with copyright laws [Brown, 2010].

F/OSS licenses can have stronger, weaker or no copyleft provisions, thereby distinguishing between the so –called "Academic" or "permissive" or "BSD-Style" licenses, which are generally understood to permit recipients to release modified versions under more restrictive terms (including both proprietary and copyleft terms),[24] and the "strong copyleft" licenses like the GPL which prioritize ensuring that all downstream recipients receive source code and permission to modify the software [Laurent, 2010].

The GPL (v.2 and newly released v.3[25]) is an example of a "strong copyleft" license and may serve as a basis for understanding the "copyleft" concept within a F/OSS license. These licenses may contain: a requirement that the licensee publish or make available for any works based on or derived from the original software, a requirement that the licensee send the sponsoring open-source community a copy of all versions of derivative software using the software and a requirement that a licensee make the software documentation available at no charge [Lee, 2010].

By contrast, weak copyleft licenses permit the licensee to include or link to the original, unmodified code in a greater work without being required to license the entirety of the new work under the open source license, as it is the case with Mozzila Public License (MPL), the Eclipse Public License (EPL) and the Artistic License [Lee, 2010].

At last there are FOSS licenses with no "copyleft" provisions at all, such as the Free BSD, the University of California and the Apache License. These "permissive" licenses are restricted in requiring the mere provision of the appropriate copyright notices, attribution information etc. [Armstrong, 2010]. Thus, they are usually known as "attribution Licenses".

2. Validity and enforceability of F/OSS licensing terms - Expanding Case-Law

In this part, we attempt to provide an analysis of the existing – as of the date of writing – case law that interpret both many F/OSS licensing terms and describe the F/OSS phenomenon in legal terms. Starting with the Country that first incorporated legislation to protect computer software under copyright (U.S.A.), we then turn our discussion to the case law presented in some European Union Countries (namely Germany and France). As an initial observation, one should bear in mind that we analyse case law of

different jurisdictions, which means in effect that copyright laws may vary greatly. However, just the same, such analysis should be understood as a starting point for further discussion regarding the validity and enforceability of F/OSS licensing terms in terms of copyright.

2.1. U.S. Case Law

It might be true that USA was the first State in the world to include computer programs into its copyright legislation, however, it was not the first to produce detailed case law regarding the legal issue of whether certain F/OSS licensing terms and conditions are valid and enforceable. Anyway, it is important to note that within the US Jurisdiction there have been extensive discussions of whether F/OSS licenses themselves constitute a contract or a license. This "contract/license" debate is discussed in the next part, after having outlined the history of the relevant case law.

(i)   *Progress Software Corp. v. MySQL AB*

One of the first US cases to address GPL validity was *Progress Software Corp. v. MySQL AB*. In 2001, MySQL sued Progress Software for allegedly distributing a database product that linked directly to MySQL code (which had originally been released under the GPL), without distributing the source code for the database product. According to the GPL, under certain circumstances, if a second program is linked to a GPL program, the source code distribution requirements may apply to the linked program, as well. MySQL sought a preliminary injunction to prevent Progress Software from distributing its database programs during the trial. Ruling on this injunction, U.S. District Judge Patti B. Saris treated the GPL as an enforceable and binding license. Judge Saris, however, did not issue the injunction, noting that there were questions as to whether Progress' software was a derivative or independent work under the GPL (that is, whether the source code distribution requirements applied to that work). The case was eventually settled out of court without any further guidance from the Court.

(ii)   *Planetary Motion, Inc. v. Techplosion, Inc.*

An interpretation of the GNU GPL was also considered tangentially in *Planetary Motion, Inc. v. Techplosion, Inc.*[26] In that case, the Apellee Planetary Motion sued Techsplosion for infringement and dilution of an unregistered trademark associated with computer software, which was distributed without charge to users pursuant to a GNU General Public License. In an attempt to support its finding of ownership, the Appellate Panel noted:

> "…Appellants misconstrue the function of a GNU General Public License. Software distributed pursuant to such a license *is not necessarily ceded to the public domain* and *the licensor purports to retain ownership rights*, which may or may not include rights to a mark." [27]

(iii)   *Daniel Wallace v. Free Software Foundation, Inc.*

In 2005, David Wallace filed a complaint against Free Software Foundation that the latter unlawfully conspired with its distributors to fix prices of computer programs in

violation of the US Sherman Act. In the relevant antitrust case, also known as *Daniel Wallace v. Free Software Foundation, Inc.*[28], the Court held (in its initial grant of summary judgement in favour of the FSF), that the GPL is a vertical agreement (meaning it is an agreement among different levels of users within the same chain of distribution) and as such, cannot alone form the basis of a per se violation of U.S. antitrust laws. Finally, Judge John D. Tinder, after dismissing the Fourth Amended Complaint of the plaintiff under the U.S. Federal Rule of Civil Procedure, and with respect to the GPL as a license itself, stated:

> "…The court's understanding from the GPL itself is that it is *a software licensing agreement through which the GNU/Linux operating system may be licensed and distributed to individual users* so long as those users "cause any work that [they] distribute or publish, that in whole or in part contains or is derived from the Program or any part thereof, to be licensed as a whole at no charge to all third parties under the terms of this License." (GPL 3.) The GPL purportedly functions to "guarantee [users'] freedom to share and change free software." (GPL Preamble.) As alleged, the GPL in no way forecloses other operating systems from entering the market. Instead, *it merely acts as a means by which certain software may be copied, modified and redistributed without violating the software's copyright protection.* As such, the GPL encourages, rather than discourages, free competition and the distribution of computer operating systems, the benefits of which directly pass to consumers."[29]

(iv)   *Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc.*

The next year, Daniel Wallace filed a new lawsuit against the software companies IBM, Novell, and Red Hat, who profit from the distribution of open-source software, specifically the GNU/Linux operating system. Wallace's allegation was that these software companies were again engaging in anticompetitive price fixing. Judge Richard L. Young dismissed the case on May 16, 2006 on the same – as the above - procedural law grounds. Wallace then filed an appeal in the Seventh Circuit Appeal Court, where his case was heard *de novo* in front of a three-judge panel. Wallace lost his appeal, with the judge citing a number of problems with his complaint. Although the Court's ruling in this case (*Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc.*),[30] is basically focused on antitrust concerns, it, however, seems to provide *some* guidance as to the issue of whether the GPL is a legal binding and enforceable licensing agreement. Judge Frank Easterbrook - delivering the opinion of the Court - stated, respectively:

> "*Authors, who distribute their works under this license*, devised by the Free Software Foundation, Inc., *authorize not only copying but also the creation of derivative works -- and the license prohibits charging for the derivative work. People may make and distribute derivative works, if and only if they come under the same license terms as the original work.* Thus, the GPL propagates from user to user and revision to revision: *neither the original author, nor any creator of a revised or improved version, may charge for the software or allow any successor to charge. Copyright law, usually the basis of limiting reproduction in order to collect a fee, ensures that open-source software remains free*: any attempt to sell a derivative work will violate the copyright laws, even if the improver has not accepted the GPL. The Free Software Foundation calls the result "copyleft.""

(v) *SCO Group, Inc. v. IBM*

For the purpose of our analysis it would be an omission not to mention the pending *SCO Group, Inc. v. IBM*[31] litigation. On March 6, 2003, the SCO Group (formerly known as Caldera Systems) filed a $1 billion lawsuit in the US against IBM for allegedly "devaluing" its version of the UNIX operating system. SCO claimed that IBM had, without authorization, included portions of SCO's proprietary Unix code in IBM's open source Linux product. Open source proponents including FSF and the Open Source Initiative, have criticized SCO's case. To date SCO has refused to publicly identify source code at issue. A significant, however, issue in this litigation relates to whether SCO actually owns the copyright to the Unix Code in question. This issue has been the very subject matter of another case, namely that of *SCO Group, Inc. v. Novell.*[32] Moreover, in an order entered on 21 September 2007, Judge Kimball administratively closed the case of *SCO v. IBM* due to SCO filing for bankruptcy on 14 September 2007. This means that all action in SCO v. IBM is stayed until SCO emerges from bankruptcy proceedings. If and when it does, the case SCO v. IBM will resume where it left off [Groklaw, 2007].

With respect to that other litigation of *SCO Group, Inc. v. Novell,* it should be mentioned that on August 24, 2009, the U.S. Court of Appeals for the Tenth Circuit reversed the portion of the August 10, 2007 district court summary judgment that Novell owned the copyright to Unix.[33] As a result, SCO was permitted to pursue its claim of ownership of the Unix copyrights at trial. However, on March 30, 2010 the jury returned a verdict, finding that Novell owns the copyrights.

There is no further development in the case of *SCO v. IBM*, due to the involvement of SCO Group in bankruptcy proceedings, even though the preliminary question on whether SCO actually owns the copyright to the Unix Code at issue has already been answered negatively due to the findings in *SCO Group, Inc. v. Novell*. In any case, the still pending *SCO Group v. IBM* has the potential to provide additional judicial direction on the enforceability of the GPL [Gatto, 2007].

(vi) *Robert Jacobsen v. Matthew Katzer and Kamind Associates, Inc.*

Undoubtedly, the recognition of a F/OSS license as an enforceable licensing agreement in terms of copyright law was well-established for first in the history of the US case law in *Robert Jacobsen v. Matthew Katzer and Kamind Associates, Inc.*[34] The facts of the case were as follows:
Jacobsen managed an open source software group called Java Model Railroad Interface ("JMRI"). Through the collective work of many participants, JMRI created a computer programming application called DecoderPro, which allowed model railroad enthusiasts to use their computers to program the decoder chips that control model trains. DecoderPro files were available for download and use by the public free of charge from an open source incubator website called SourceForge; Jacobsen maintains the JMRI site on SourceForge. The downloadable files contained copyright notices and referred the user to a "COPYING" file, which clearly set forth the terms of the Artistic License. On the other side Katzer/Kamind offered a competing software product, Decoder Commander, which was also used to program decoder chips. During development of Decoder Commander, one of Katzer/Kamind's predecessors or employees was alleged to have downloaded the decoder definition files from DecoderPro and used portions of

these files as part of the Decoder Commander software. The Decoder Commander software files that used DecoderPro definition files did not comply with the terms of the Artistic License. Specifically, the Decoder Commander software did not include (1) the authors' names, (2) JMRI copyright notices, (3) references to the COPYING file, (4) an identification of SourceForge or JMRI as the original source of the definition files, and (5) a description of how the files or computer code had been changed from the original source code. The Decoder Commander software also changed various computer file names of DecoderPro files without providing a reference to the original JMRI files or information on where to get the Standard Version.

Jacobsen brought an action for copyright infringement and moved for a preliminary injunction. The District Court held that the open source Artistic License created an "intentionally broad" nonexclusive license which was unlimited in scope and thus did not create liability for copyright infringement.[35] The District Court found that Jacobsen had a cause of action only for *breach of contract*, rather than *an action for copyright infringement* based on a breach of the conditions of the Artistic License. Because a breach of contract creates no presumption of irreparable harm, the District Court denied the motion for a preliminary injunction. On appeal, the Court reversed the District Court's order on several grounds.

At a first place, the Court noted that several types of public licenses often referred to as "open source" licenses have been designed to provide creators of copyrighted materials with a means to protect and control their copyrights. In explaining the underlying philosophy of an open source project and citing *David Wallace v. IBM Corp.* (with respect to the function of a GNU-GPL licensed project) it stated:

> "Open Source software projects invite computer programmers from around the world to view software code and make changes and improvements to it. Through such collaboration, software programs can often be written and debugged faster and at lower cost than if the copyright holder were required to do all of the work independently. *In exchange and in consideration for this collaborative work, the copyright holder permits users to copy, modify and distribute the software code subject to conditions that serve to protect downstream users and to keep the code accessible. By requiring that users copy and restate the license and attribution information, a copyright holder can ensure that recipients of the redistributed computer code know the identity of the owner as well as the scope of the license granted by the original owner. The Artistic License in this case also requires that changes to the computer code be tracked so that downstream users know what part of the computer code is the original code created by the copyright holder and what part has been newly added or altered by another collaborator.*"

The Court also reiterated the economic motives inherent in public licenses citing in that regard the respective recognition by the Court in *Planetary Motion, Inc. v. Techsplosion, Inc.* It noted, however, that there were two main issues to be evaluated, the first being whether the terms of the Artistic License are conditions of, or merely covenants to, the copyright license and whether the use by Katzer/Kamind was outside the scope of the license. If the answer to the first question was affirmative then the Court should proceed to the second and only if it is found that the use by defendants is outside the scope of the license, then the plaintiff is entitled to remedies due to a copyright infringement.

Citing the established case-law, the Court of Appeals mentioned that generally, a "copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement" and can sue only for breach of contract.[36] If, however, a license is limited in scope and the licensee acts outside the scope, the licensor can bring an action for copyright infringement.[37] Thus, if the terms of the Artistic License allegedly violated are both covenants and conditions, they may serve to limit the scope of the license and are governed by copyright law. If they are merely covenants, by contrast, they are governed by contract law.[38]

To identify whether the terms of the Artistic License serve as conditions of the license, which in turn limit its scope, or as a mere covenant, the Court used consecutively two generally acceptable and well-known approaches of interpreting the law (here, the terms of the License): the "linguistic" interpretation and the "teleological" one.

As to the language of the License the Court rules:

> "…The Artistic License states on its face that the document creates <u>conditions</u>: "The intent of this document is to state the *conditions* under which a Package may be copied." (Emphasis added.) The Artistic License also uses the traditional language of conditions by noting that the rights to copy, modify, and distribute are granted *"provided that"* the conditions are met. Under California contract law, "provided that" typically denotes a condition. *See, e.g.,* Diepenbrock v. Luiz, 159 Cal. 716, 115 P. 743 (1911)…"

The brief, though, interpretative reference to the language of the Artistic License as such, was then eagerly followed by a long and quite thoughtful teleological approach of the License as a means to achieve the goal of an open source project:

> The *conditions* set forth in the Artistic License *are vital to enable the copyright holder to retain the ability to benefit from the work of downstream users*. By requiring that users who modify or distribute the copyrighted material retain the reference to the original source files, downstream users are directed to Jacobsen's website. Thus, downstream users know about the collaborative effort to improve and expand the SourceForge project once they learn of the "upstream" project from a "downstream" distribution, and they may join in that effort… *The copyright holder here <u>expressly stated the terms upon which</u> the right to modify and distribute the material depended* and invited direct contact if a downloader wished to negotiate other terms. *These restrictions <u>were both clear and necessary to accomplish the objectives of the open source licensing collaboration</u>, including economic benefit…. Through this <u>controlled spread of information</u>*, the copyright holder *gains creative collaborators to the open source project*; by requiring that changes made by downstream users be visible to the copyright holder and others, *the copyright holder learns about the uses for his software and gains others' knowledge that can be used to advance future software releases…"

In verifying the limited scope of the Artistic License, in particular, the Court notes:

> "…In this case, a user…is authorized to make modifications and to distribute the materials *"provided that" the user follows the restrictive terms of the Artistic*

License. A copyright holder can grant the right to make certain modifications, <u>yet retain his right to prevent other modifications</u>. Indeed, <u>such a goal is exactly the purpose of adding conditions to a license grant</u>. The Artistic License, like many other common copyright licenses, requires that any copies that are distributed contain the copyright notices and the COPYING file…<u>The clear language of the Artistic License creates <u>conditions</u> to protect <u>the economic rights</u> at issue in the granting of a public license. These <u>conditions</u> govern the rights <u>to modify</u> and <u>distribute</u> the computer programs..."

After concluding that the Artistic License sets forth *conditions* (and not mere covenants) upon which a licensee may further copy and distribute the copyrighted material (and, therefore, such a non-exclusive license is limited in scope), it was relatively easy for the Court to further conclude that the defendant acted outside the scope of the license.

The ruling of the Court of Appeals in *Jacobsen v. Katzer* has been of crucial importance in placing a F/OSS license into the generality of the copyright law system, as well. In a persuasive language the Court explains:

"...Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material… Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right. <u>The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition</u>. Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might well be rendered meaningless absent the ability to enforce through injunctive relief…The attribution and modification transparency requirements directly serve to drive traffic to the open source incubation page and to inform downstream users of the project, which is <u>a significant economic goal</u> of the copyright holder <u>that the law will enforce</u>..."

The judgment of the Court of Appeals in *Jacobsen v. Katzer* has been the first case in the history of the U.S. case law to address legal issues regarding the Artistic license as OSI – certified. Before analyzing any concern by virtue of the American case-law in terms of copyright, we proceed in reviewing the corresponding case-law in Europe.

2.2. European Case Law

While European Countries would be assumed to present F/OSS case-law chronologically after the USA, this is not the case. Internationally, Germany has developed a remarkable body of case law in relation to the issues of enforceability of the F/OSS license terms. This is primary due to the activity of Harald Welte, a German citizen and one of the most active proponents of the GPL in Europe. Having established the gpl-violations.org, an organization collecting reports of violations of GNU GPL license, he has brought successfully before the Courts numerous legal actions against potential violators of the GPL licensed projects. In this sub-part we mention four decisions of German Courts due to Welte's activity [(i) – (iv)] and two more decisions derived from French Courts [(v) – (vi)].

(i)   *Harald Welte v. S[itecom] Deutschland GmbH*

In Harald Welte v. S[itecom] Deutschland GmbH[39], a Munich Court had the opportunity to address the enforceability of several GPL (v. 2) terms, thus being the first European national Court to consider the validity and enforceability of such a license.

In that case, plaintiff Harald Welte was a member of the open source project "netfilter/iptables" and as a so-called "maintainer" chiefly responsible for the development of the program. Since 2001, plaintiff was the maintainer of a team that operated the Internet platform "www.netfilter.org", on which the software "netfilter/iptables" was offered for download in source-code form and made available to members of the team and others for further development. The software "netfilter/iptables" was an integral building part of the widespread operating system GNU/Linux and - as indicated on the Internet page - was a Free Software that could be used by everybody under the conditions of the GNU General Public License version 2.0 (GPL). Defendant Sitecom advertised and distribute through the website www.[sitecom].com, on which some software available for download free-of-charge contained the software "netfilter/iptables" in object-code form, which plaintiff programmed himself in its entirety. On the website of the company s[itecom], however, there was neither a hint to the fact that the firmware also contained software that has been put under the GNU General Public License, nor a reference to the license text of the GPL or the source code of the software "netfilter/iptables", in violation of the GPL terms.

Plaintiff Harald Welte, demanded from defendant to restrain from the GPL violations and, when defendant refused to certify their future restraining, plaintiff filed suit on 1 April 2004 and requested issuance of a preliminary injunction.

The court, following the request, issued the following preliminary injunction:

> "…1. Defendant is forbidden, under penalty ...to distribute and/or copy and/or make publicly accessible the software "iptables/netfilter", without pointing to the licensing under the GPL and attaching the license text of the GPL and making the source code of the software "netfilter/iptables" available free of license fees, according to the conditions of the GNU General Public License, Version 2 (GPL)."

Defendant appealed the preliminary injunction. On appeal, the Munich Court had to address a number of issues raised by the parties. The most important , however, issue to be discussed was the validity of section 4 of the GPL (v.2.).[40]

In an attempt to analyze the GPL terms (section 4 in particular) in the framework of German law, the Court noted, in a first place, that being entitled to a disposition pertaining to par. 97 UrhG requires that defendant has not received usage rights for the software. Regarding an infringement of rights, two alternatives can be distinguished; first, that defendant has *never received rights of use*, and second, that *the rights of use once received have terminated* according to section 4 GPL.

Concerning the first alternative, it is imaginable that no effective agreement had been reached because of invalid general conditions of sale.[41] In considering that, the Court

further noted that, given the facts of the case and with strict accordance to the German law, the license conditions (treated as general conditions of sale) *had been effectively included into a potential contract* between defendant and plaintiff.[42]

Since a potential contract had been concluded between the parties concerned, the Court should consider the validity of the GPL terms in the second alternative (the rights of use once received have terminated) according to the German Law, in particular with regard to the provision of 307 BGB. That provision encompasses the "fairness test", a norm originated from the implementation of European Council Directive 93/13 on unfair terms in consumer contracts into the national (German) legislation. The provision of 307 Abs 2 Nr 1 BGB foresees in particular that a provision is invalid *if it cannot be reconciled with essential basic principles of the statutory rule from which it derives*.

Starting from section 4 GPL the Court had to establish whether such term (as containing a resolutory condition with in rem effect) is a permissible limitation of usage rights according to German law.[43] Even though it was found that section 4 GPL did not qualify as such, it was however of significant importance for the Court to declare that "…the literature endeavors *legal constructions* in order to make *the automatic termination of rights* that is described in number 2 [GPL] *legally effective* also *on the territory of the Federal Republic of Germany*."[44] Such a legal construction, of which the plaintiff had been a keen proponent, suggested assuming only an in rem agreement with conditional annulment, which prescribes an automatic termination in case the licensee does not adhere to the contract duties. The argument presented was that such object-related legal transactions are in principle not adverse to conditions. The Court found such an approach compatible with the German law[45] on several grounds.

In a first place, the Court ruled that the legal effects of a permissible limitation or an automatic termination upon violation of certain contract duties can both lead to the same legal consequences, because there is no ownership of usage rights in both cases and potential dispositions with third parties would be void due to lack of authority.

In a second place it considered, however, the question of whether such a solution serves to circumvent the regulations of par. 31 UrhG in some cases. With regard to that question the Judges noted that, first of all, *it does not follow* (from the language of par. 31 UrhG) that transfers of copyright-related usage rights with conditional annulment are excluded in general. The question whether such a condition is legally permissible, i.e. implements a circumvention of par. 31 UrhG or not, is logically associated to the question of *which effects the annulment condition could have on the fitness for sale of the rights or the (further modified) objects that the software has been applied to*. Maintaining the fitness for sale of the rights, in particular in a multi-level vendor chain, essentially *presupposes that not every violation* against some duties *results in the software being copied and/or distributed by unauthorized parties*. This is particularly true in the case of GPL, since both the respective license grants for third parties are not terminated as long as they accept and comply with the GPL conditions and such third parties can at any time obtain the necessary usage rights from the author directly upon acceptance of the GPL. So, *the consequences of a termination of rights predominantly affect only the contractor of the author*, similar to a liability-based limitation, thus the fitness for sale of the rights *is only marginally impaired*. Even the automatic termination is not particularly severe for the violator, because the latter can reacquire the rights at any time by acceptance of and compliance with the conditions of the GPL.

Thus, the Court opined that *section 4 GPL does not constitute a circumvention of par. 31 section 1 sentence 2 UrhG.*

In a third place, the Court noted that even if the objections regarding the permissibility of number 4 sentences 2 and 3 GPL applied, that would not cause number 4 sentence 1 GPL to become invalid. The clause would only be partially invalid, with the consequence that a violation of number 4 sentence 1 GPL would only have liability effects as to the violator alone. Besides, the legislation itself, seems to take into account the notion of open source software. The Court, exercising in that regard its explanatory power, states:

> "…the legislator expressly recognizes the fundamental principle of open source software with the provision in par. 32 section 3 sentence 3 UrhG"[46]

In a final place, the Court shared the view of the plaintiff that even if section 4 GPL or section 3 would be invalid because the contract as a whole had never be legally concluded between the parties, there are reasons to assume that no effective agreement has been reached, with the consequence that *any use of the software is illegal.*

(ii)　*Harald Welte v. D-Link*

The final judgement of the Munich Court in *Harald Welte v. S[itecom] Deutschland GmbH* had an impact in the subsequent case law of the German jurisprudence. In 2006 another German Court also had the opportunity to address issues of validity and enforceability of the GPL terms in *Harald Welte v. D-Link*.[47] In that case, said Plaintiff had been a lawful assignee of three computer programs ("msdosfs", "initrd" and "mtd"), which were parts of the Linux-kernel and licensed [by Plaintiff] under the GNU General Public License v. 2.0 exclusively. Similarly to the facts of the previous case, Defendant (a subsidiary company of a Taiwanese manufacturer), distributed a data storage unit (containing the said programs) in violation of the GPL conditions, since the licence text of the GPL was not enclosed, a disclaimer of warranty was not made, and the source code was not disclosed either.

In a very similar but more unequivocal thinking, the Court after citing *Harald Welte v. S[itecom]* made some remarkable observations.

In a first place it thought that the GPL applies to the legal relationship between the authors and Defendant. In the case of free software it is to be assumed that the copyright holder by putting the program under the GPL makes *an offer to a determinable or definite circle of people and that this offer is accepted by users* [of the software] *through an act that requires consent under copyright law*; in this respect, it can be assumed that *the copyright holder enters into this legal relationship without receiving an actual declaration of acceptance* according to Section 151 of the German Civil Code (BGB). The conditions of the license granted under the GPL must be regarded *as standard terms and conditions* that are subject to Sections 305 et seq. of the German Civil Code (BGB). *Since the conditions of the license granted by the GPL are easily available on the Internet, they were without a doubt incorporated into the contractual relationship between the authors and Defendant* (Section 305, Subsection 2, No.2 of the German Civil Code (BGB)).

In addressing the issue of the validity of section 4 of the GPL the Court noted that - pursuant to that provision - the rights under the GPL are terminated and revert to the author if the user does not publish a disclaimer of warranty on each copy [of the program], make reference to the GPL, accompany the program with the license text, and provide the source code of the program according to Sec. 2 of the GPL. These rules do not unduly discriminate the user and are therefore not invalid pursuant to Section 307, Subsection 2 No. 1 of the German Civil Code (BGB). The Court, however, pointed out that the obligations set forth by section 2 GPL are not –according to established case law - a valid limitation of the right to use under Section 31, Subsection 1, Sentence 2 of the German Copyright Act (UrhG), but they must be understood to provide that the grant of the non-exclusive right of use under the GPL is subject to the condition subsequent (Section 158 of the German Civil Code (BGB)) *that the licensee must not fail to comply with the terms of the agreement. Upon occurrence of the condition the license [granted under the GPL] is terminated.*

The Court also considered that this legal construction offered by the GPL (terminating the agreement pursuant to section 4 if licensee does not comply to its duties prescribed in section 2) does not circumvent Section 31 of the German Copyright Act (UrhG), because it does not severely affect the marketability of the rights or the physical copies of the work.[48] Thus, since Defendant violated the obligations provided for in Sec. 2 of the GPL, the condition subsequent had occurred with the result that Defendant had lost its license.

In a second place, the Court also ruling on the objection of the defendant that the data storage units already sold by Defendant were covered by the principle of exhaustion of the right to distribute, noted that such exhaustion never took place, since they were not put into circulation by sale *with the consent of the authors as the sale of the data storage units did not comply with the GPL.* However, purchasers could, at any time, acquire the necessary rights of use [the three programs] directly from the author by recognising the GPL.

In the relevant judgement, one might extract that there would be some hypothetical possible ways that the GPL, as a whole contract itself, might have been declared invalid with the further result that defendant had never been a licensee and a copyright infringement by the Defendant took place at once. This might have happened if:

a) the GPL were not sufficient to form a legal relationship with Plaintiff according to the rules governing the formulation of the contract
b) due to antitrust provisions, Sec. 2 of the GPL was declared invalid and because of its inseparable connection to the primary obligation (the grant of the license) the whole contract was invalid pursuant to Section 139 of the German Civil Code (BGB)

In all the above ways, plaintiff would also be entitled to plead invalidity of the entire contract and therefore allege that Defendant is lacking any license.[49]

(iii) *Harald Welte v. Fortinet*

For the sake of completeness we address two more cases brought by Welte before the German Courts. The first case concerned Fortinet UK Ltd., the UK subsidiary of

Fortinet Inc., which used GPL software in certain products and then used cryptographic techniques to conceal that usage. In particular, Fortinet offered a variety of Firewall and Antivirus Products (the FortiGate and FortiWiFi product series), on which Fortinet claimed to run the "FortiOS" operating system. However, as the gpl-violations.org project uncovered, "FortiOS" was using the Linux operating system kernel and numerous other free software products that were licensed exclusively under the GNU GPL. This information was not disclosed by Fortinet.

Following a warning notice by the gpl-violations.org project on March 17, 2005, Fortinet did not sign a declaration to cease and desist. Out-of-court negotiations on a settlement failed to conclude in a timely manner. Thus, the gpl-violations.org project was compelled to ask the court for a preliminary injunction, banning Fortinet from distributing its products, unless they were in full compliance with the GNU GPL license conditions.

As a result of this violation, the Munich district court granted a preliminary injunction against Fortinet Ltd., banning it from further distribution of their products until they were in compliance with the GNU GPL conditions regarding the provision of the full corresponding source code and a copy of the full license text.[50]

(iv)   *Harald Welte v. Skype Technologies SA*

The other noticeable case involving Harald Welte concerned the Luxembourg-based Skype Technologies SA, well known as an Internet telephony provider, engaging in the distribution of GPL software without simultaneously providing the source code royalty-free, and without attaching the text of the GPL (v. 2.0.) license. The source of the conflict was the fact that the SMCWSKP 100 VoIP phone made by SMC Networks was being offered for sale on the website of Skype Technologies SA (the respondent). According to the court's findings of fact, the vendor of the VoIP telephone was a Spanish distribution enterprise, which used the website of the respondent for promoting its sales. The firmware of this VoIP telephone used the Linux operating system, and it included two programs to which Harald Welte (the applicant) held exclusive rights. The two programs were free software, which may be used according to the terms of the GNU GPL version 2.0.

In the relevant case, also known as *Harald Welte v. Skype Technologies SA*[51], the First Regional Court of Munich thought that, according to section 1 of the GNU GPL, the licensee may distribute the software *only on condition that a copy of the license text is included*. In selling the VoIP telephone at the root of this conflict, the text of the license was not included. Furthermore, *this VoIP phone was being distributed contrary to the GNU GPL terms concerning the distribution of object code*. Section 3 of the GNU GPL permits the distribution of object code, but only if the licensee fulfils certain conditions. The distribution of software as object code conforms to the GPL only if the complete machine readable source code [sic] is provided at the same time on a usual medium for data exchange, and if the general terms of the GPL concerning the distribution of GPL licensed software are being observed. The way this VoIP telephone was offered for sale did not conform to these requirements.

In particular, the court found that after the respondent had learned that the promotion of the VoIP telephone was in conflict with the GPL, he began selling it with a

supplementary sheet. On this document it was noted that the VoIP phone contained software which was licensed under the GPL or LGPL. Further it drew attention to where on the Internet one could find *the text of the license* and the *source code*.

As to the condition of the GPL regarding the text of the license the Court noted that the way the software was offered for sale violated section 1 of the GNU GPL despite the inclusion of the supplementary sheet. This section of the GPL requires that the recipient of the program *must also receive the text of the license. It is therefore insufficient to only offer him the possibility of retrieving it online*. Finally, in the view of the court the reference to the applicability of the GPL and LGPL were too vague, particularly since the recipient of the program cannot distinguish, which of the two licenses is actually applicable. According to the court ruling, although the respondent was not the vendor of the telephone, *after being made aware of the violation he was nonetheless obliged to investigate and to ensure that future sales of the VoIP telephone via his website was in conformance with the law.*

The same were applicable as to the condition of the GPL of how to make available *source code*: the plaintiff was informed of the existence of this sheet only when legal proceedings were underway. The court opined that the option of offering source code for download from the Internet is in the text of the GNU GPL (last paragraph of Section 3), *but this applies only in the case that the object code is offered for download at the same location*: "If distribution of executable or object code is made by offering access to copy from a designated place, then offering equivalent access to copy the source code from the same place counts as distribution of the source code, even though third parties are not compelled to copy the source along with the object code." *In all other cases*, when selling software *it is not sufficient to offer the source code only online*.

The judgement in this conflict makes it unmistakably clear that *an only approximate conformance to the GNU GPL is not sufficient*, but also that *violations of license details lead to the loss of rights* for the license holder, and consequently make the use of GPLed software illegal. Put it otherwise, the judgement is of crucial importance since it accepts that the terms of the GNU GPL must be observed *exactly*, just like the clauses of every other contract. *"Inaccuracies" in the observance of the license terms are violations of the law and make it illegal to use the software*. The judgement also offers affirmation that the GNU GPL must be respected by persons resident outside Germany.

(v)   Educaffix28 v. CNRS

The French Courts have also had the opportunity to address issues of validity and enforceability of F/OSS licensing terms. The first case ever in France (although of not significant importance in terms of our issue in question) was brought before the French Courts in 2007 by Educaffix28, a company that had concluded software transfer agreements with several higher education establishments and the CNRS. The transferred software could, however, only work with a free software, JATLite, developed by the University of Stanford under GNU GPL license. Educaffix requested that the contract be declared null and void for fraud on the basis that CNRS had concealed the fact that the existence of the free software included in the transfer agreement required permission from a third party holder of the rights over said free software, in this case the University of Stanford. Further, Educaffix requested that the contract be revoked for the sole fault of CNRS because the exploitation of the

transferred software implied by necessity the commission of an act of piracy over the free software.

In the relevant case, well known as *Educaffix28 v. CNRS,*[52] The court held:

> "this program has the particular feature of depending on a GNU license which allows free use of the software, but requires a license if the work based on the program can not reasonably be identified as independent and must therefore be considered *as a derivative* of the JATLite program."

This decision is understood by some commentators to constitute an application of the provisions of the GNU license and refers to, without directly citing, section 2 of the GNU license,[53] by virtue of which the judges recognize the contaminant nature of a derived program [Perbost and Walter, 2011].

It should be noted, however, that the decision does not explicitly recognize the validity of the GNU-GPL license, in as far as it would have been up to the holder of the rights (University of Stanford, or transferee) acting on the legal principle of piracy and requesting the recognition of its rights, which was not the case here.

(vi) Société EDU 4 v. AFPA

Perhaps the most commented judgement of French Courts was that decided in *Société EDU 4 v. AFPA.*[54] In that case, the National Association for Adult Education (AFPA) issued a call to tender for the implementation of learning spaces, which was finally granted to EDU 4. Raising doubts about the sincerity of the offer submitted by EDU 4, AFPA declared the contract terminated. EDU4 felt that they had delivered in accordance, and sued AFPA for abusive breach of contract, a claim upheld by the High Court of Bobigny in 2004.

Before the Court of Appeal, AFPA claimed that EDU4 had not clearly informed them that free software had been incorporated into the solution provided, that copyright mentions linked to the software had been modified and that the text of the GNU-GPL license had been removed. The Court of Appeal of Paris upheld the claims made by AFPA and held that EDU4 had failed to respect the terms of the GNU license.

The court found that the presence of GPL software had never been hidden, because the contractual documents were clear on that point. The court of appeal nevertheless ruled that the client had been entitled to refuse payment, for three main reasons:

First, the delivered software to be taken into account was the software provided to the client at the date of the validation procedure, and not the «corrected» software, delivered three months later. No preliminary version had ever been mentioned in the contractual documentation.

Second, the violation of the GPL *exposed the client to a copyright infringement* lawsuit, and thus the vendor was in breach of contract.

Third, the *security loophole made the software unacceptable, and therefore legitimates the termination of the contract for a breach of its obligations by the vendor*.

Some commentators argue that French court's language recognizes that GPL license is a valid license by –inter alia - acknowledging that the violation of the terms of the GPL could expose to a copyright lawsuit. It is seen as a standard application of French property laws regarding ejectment, since, pursuant to Article 1626 of the French Civil Code, the seller of a good ought to, inter alia, warrant its purchaser against any third party claim [Lamon, 2010]. The core issue is not the license of GPL from the first author of a software to a company which uses it directly, but the sublicense of a GPL software from a licensee company to one of its clients. It is further argued that - with this decision - there is no further doubt that, while concluding the second license, the licensee company shall strictly abide by the terms and conditions of the first GPL [Perbost and Walter, 2011]. However, this case was not an IPR case and - as such - no one could reasonably argue that the decision incorporates thoughts about the enforceability of the GPL, but rather an acknowledgment that the GPL is a valid contract [Willebrand, 2009]. Anyway, we quote a part of the judgement which is relevant hereto:

> "…[The court] considers that it follows from all of these elements that *the entity EDU 4 had not fulfilled its contractual obligations* with its delivery in December 2001, the date on which the performance of EDU 4 was to be assessed, that on the one hand posed privacy risks to the users of EOF and on the other hand *did not satisfy the terms of the GNU GPL license, since the entity EDU 4 had removed the original copyright notices of VNC from two files, replacing them with its own copyright notices, and since it had deleted the text of the license*;"

This decision is also important because it was feared that France, one of the countries with the highest levels of copyright protection, would deem the free license to be null and void [Perbost and Walter, 2011]. Nevertheless, French Courts will have further opportunities in the future to address the issue of enforceability in terms of copyright law in a greater detail. The pending case of *Iliad*, filed in 2008, concerning the distribution of "Freebox" (the modem provided by the ISP "Free" to its customers) which is a software containing free software components, in breach of the terms of the associated GPL license, might be seen as a unique opportunity towards this direction.

3. Reviewing the Global Case-Law

As follows from the previous part, it seems that a remarkable body of case law has begun to expand in our decade globally and addresses the issues of validity and enforceability of F/OSS licensing terms and conditions. Given the fact that GNU GPL is by far the most prominent free license used in open source projects it is reasonable that most cases before the Courts concern this particular license. In this final part, we address segmental legal issues that have been raised by virtue of the existing – at the time of writing – case law and we hope to reach to useful conclusions thereto.

3.1. The validity and enforceability of a F/OSS license

3.1.1. The US approach

In most common law jurisdictions (including USA) the legal nature of a F/OSS license is much debated on whether such agreement constitutes a license or a contract. [Gonzalez, 2009]. In the USA, two competing theories attempt to explain why F/OSS licenses are enforceable. The first theory declares that such licenses are non contractual licenses rather than contracts. The second theory holds that they are contracts with offer, acceptance, consideration and a meeting of minds. This theory is plausible since traditional software licenses are generally regarded as contracts. But such licenses also have cash consideration. Contract proponents argue that consideration does not exist under the F/OSS licenses (in particular the GPL). But ultimately they are unable to show that there is a meeting of minds between the licensor and licensee, thus failing the requirements of contract formation [Wacha, 2005, Kumar, 2006]. Anyway, the distinction is useful, since it differentiates the legal remedies to which licensor is entitled. So, if the terms of the F/OSS license allegedly violated serve as both contractual covenants and conditions, they may serve to limit the scope of the license and are governed by US Federal copyright laws. If they are merely covenants, by contrast, they are governed by State contract laws. To identify further whether a term within such a license is a condition or a covenant, a proper interpretation has to take place [Frazer, 2009]. That has been a core issue addressed in American case law by virtue of the decision in *Jacobsen v. Katzer.* The Court of Appeals accepted that due to a relevant interpretation (linguistic and teleological) the attribution and reference requirements set forth by the Artistic license serve as *conditions*, under which the software is licensed. The Artistic license was treated as a license (in principle), but the Court did not clearly settled the debate as to whether these licenses are also contracts, although there is much in the judgement to suggest this is the case [Fitzerald, Olwan, 2009]. One could probably argue that *Jacobsen v. Katzer* decision regards F/OSS licenses not to lack consideration and that they, furthermore, meet the standards required by the modern contract law to form an enforceable contract. Some commentators argue that it is left unanswered of what a clearer definition about a covenant and a condition in American law consists. However, the phrase "provided that" within F/OSS licenses (the Artistic License and the GPL) is likely to constitute *conditions* of a license and not mere covenants in future litigation [Azzi, 2010]. In any case, *Jacobsen v. Katzer* suggests that contracting parties to a license may craft license conditions as they fit, but calls on courts to vigorously enforce the boundaries, that already hem in license contracts and to exercise prudence in granting injunctions when license conditions scarcely touch on exclusive copyrights or serve the underlying goals of copyright [Gomulkiewicz, 2009].

3.1.2 The EU approach

At the same time, the relevant license/contract debate is not *of particular interest* in the legal traditions of Continental Europe as it is in common law jurisdictions. European Countries could probably treat F/OSS licenses as "contracts" incorporating the copyright licensing terms [Gonzalez, 2009]. Since F/OSS licenses are pre-formulated and not individually negotiated between the parties, they may be regarded as general terms and conditions. In principle, the validity of those terms is essential for any kind of contract, but the underlying legal relationship between the parties concerned (B2B) or (B2C) plays an important role, since B2C contracts are subject to stricter rules, because the consumer is considered to be the weak party and therefore deserves higher protection [Legal IST Report, 2005]. To that end, the applicability of Council Directive 93/13/EEC on unfair terms in consumer contracts (as incorporated in the national

legislation of each single Member-State) harmonizing the consumer Contract law across the EU Member States depends largely on whether the contracting parties qualify as "seller/supplier" and "consumer" within the meaning of the Directive [Gonzalez, 2004].

However, many European Jurisdictions provide for the applicability of the rules of general terms and conditions to any contract irrespective of the qualification of the party invoking these terms. This is particularly so with the German Civil Code (305-310). Moreover, the licensing terms should be specifically incorporated into the contract. Of the applicable rules one could arguably identify those included in the "E-Commerce" Directive[55], which is applicable both in B2B and in B2C.

As already noted, in *Harald Welte v. D-Link* the German Court considered the license conditions *as general conditions of sale* that are to be checked according to par. 305 ff. BGB, which contain the German consumer protection law dealing with standard terms of business. In the case of free software it is to be assumed that the copyright holder by putting the program under the GPL makes *an offer to a determinable or definite circle of people and that this offer is accepted by users* [of the software] *through an act that requires consent under copyright law*; in this respect, it can be assumed that *the copyright holder enters into this legal relationship without receiving an actual declaration of acceptance* according to Section 151 of the German Civil Code (BGB). The conditions of the license granted under the GPL must be regarded *as standard terms and conditions* that are subject to Sections 305 et seq. of the German Civil Code (BGB). *Since the conditions of the license granted by the GPL are easily available on the Internet, they were without a doubt incorporated into the contractual relationship between the authors and Defendant* (Section 305, Subsection 2, No.2 of the German Civil Code (BGB)).

Such judicial approach, followed by the entirety of the German and French[56] case law, reflects the prevailing opinion of legal scholars that all questions related to the validity and enforceability of the GPL will be dealt with using the same German legal norms applied to any standard terms of business and seems compatible to the applicable legal framework above [Hoppner, 2004].

3.2. The validity and enforceability of F/OSS licensing terms – common understandings

We have already noted above, which terms within the relevant F/OSS licenses have been declared valid and enforceable before the Courts globally: the attribution and reference conditions of the Artistic Licence in *Jacobsen v. Katzer* and sections 2, 3 and 4 of the GPL (v.2) by the German Courts. Even more, in the precedent case *Harald Welte v. Sitecom*, the Court also held that the incorporation of the GPL in English language was held valid, because the contract in question had been concluded between business persons. Finally, the French Courts have not analyzed the issue of enforceability of the GPL in considerable depth, but seem to treat such a license as a contractual agreement in line with the existing legal framework. At this point, however, what seems to be of crucial importance is to extract some useful findings with regard to the *common underlying principles* by which the global Jurisprudence is driven.

3.2.1. F/OSS Licenses as broad licenses

Software distributed to the public under an open source or copyleft licensing regime is often said to be in the public domain. This is not accurate, since the decision to license the use of one's works under a copyleft licensing scheme does not amount to a relinquishment of copyright but rather as exercise thereof, albeit different. In the field of copyright law, a copyleft strategy enables creating a sphere of free use without giving up the exclusivity one owns in the intellectual creation. It is totally irrelevant that such licensing may pursue objectives similar to those of the public domain (free availability, use and exploitation of creative expressions) [Dusollier WIPO, 2010].

Moreover, the freedom of use afforded under most F/OSS licenses *does not*, as such *entail a waiver of right* on the part of the copyright holder. On the contrary, the grant of a permission to execute certain acts with respect to copyright protected software falls within the scope of the copyright holder's exclusive rights and must be distinguished from a waiver of right. If the licensor waived his exclusive rights with regard to the software, there would be logically no consequence attached to the non –respect of the conditions by the licensee [Guibault, 2006]. Instead, many F/OSS licensing terms [e.g. in GPL or MPL] provide for the termination of the license, if licensee does not abide by the very specific terms of the license, thereby placing the latter in the legal position of acting without a respective right and thus *infringing copyright*. This is exactly the *peculiar way that "copyright infringement" is conceptualized in a F/OSS licensing scheme.* Thus, instead of regarding software distributed under such a licensing regime as left to the public domain or regarding such licenses as entailing a waiver of right on part of the copyright holder, *it would be advisable to understand those licenses as involving a broad permission, the validness of which depends largely on the consistent observance on behalf of the licensee.* Once the latter violates the terms of such license (the GPL for instance), the agreement terminates and a copyright infringement occurs.

The global vase law supports this finding. The language of German Court's rulings in *Harald Welte v. S[itecom] Deutschland GmbH*, *Harald Welte v. D-Link* and *Harald Welte v. Skype* seems to conceptualize GPL as a means for an author to exercise his exclusive rights under copyright, by establishing the conditions under which a piece of software may be legally copied, modified and further distributed and ,therefore, sharing the view of the "broad" character of the license permission:

> "…The court shares the opinion that *the conditions GPL* (General Public Licen[s]e) *cannot be considered* <u>a waiver of copyright and authorship rights</u>. To the contrary, *conditions of copyright law* <u>serve the users to ensure and realize their goals</u> *regarding further development and distribution of software."* [57]

> *"...*the conditions of the GPL *can in no case be interpreted to contain* <u>a waiver of legal positions afforded by copyright law</u>. *The GPL precisely stipulates* <u>that the freedom</u> to use, modify and distribute the corresponding software initially afforded by way of a grant of a non-exclusive license to everyone *is automatically terminated upon a violation of the GPL* [citation omitted]*"*[58]

The language used by the German Courts at this point is quite similar to that used by the US Courts in *Planetary Motion, Inc. v. Techplosion, Inc.* and the subsequent American case law:

"…Appellants misconstrue the function of a GNU General Public License. Software distributed pursuant to such a license *is not necessarily ceded to the public domain* and *the licensor **purports to** retain ownership rights*, which may or may not include rights to a mark."[59]

"…The court's understanding from the GPL itself is that it is a software licensing agreement through which the GNU/Linux operating system *may be licensed and distributed* to individual users *so long as those users* … (section 3 GPL). …the GPL …*merely acts as a means by which certain software may be copied, modified and redistributed without violating the software's copyright protection*."[60]

"Authors, who distribute their works under this license, devised by the Free Software Foundation, Inc., *authorize not only copying but also the creation of derivative works -- and the license prohibits charging for the derivative work. People may make and distribute derivative works, if and only if they come under the same license terms as the original work. …*Neither the original author, nor any creator of a revised or improved version, may charge for the software or allow any successor to charge. *Copyright law, usually the basis of limiting reproduction in order to collect a fee, ensures that open-source software remains free: any attempt to sell a derivative work will violate the copyright laws*, even if the improver has not accepted the GPL. The Free Software Foundation calls the result "copyleft.""[61]

"…In this case, a user…is authorized to make modifications and to distribute the materials *"provided that" the user follows the restrictive terms of the Artistic License. …Copyright holders* who engage in open source licensing *have the right to control the modification and distribution of copyrighted material…A copyright holder can grant the right to make certain modifications, yet retain his right to prevent other modifications. Indeed, such a goal is exactly the purpose of adding conditions to a license grant. The Artistic License, like many other common copyright licenses*, requires that any copies that are distributed contain the copyright notices and the COPYING file…*The clear language of the Artistic License creates conditions to protect the economic rights* at issue in the granting of a public license. These *conditions* govern the rights *to modify* and *distribute* the computer programs..."[62]

It seems more than just clear that all Courts share the view that it is at the will of the copyright holder to adopt a F/OSS license as the sole licensing mechanism of the copyrighted work and could refuse to allow copying, modification or distribution under any other terms [Carver, 2005]. The German case law has made it absolutely clear that since the copyright holder chooses such form of licensing, *an only approximate conformance to the License is not sufficient*, but also that *violations of license details lead to the loss of rights* for the license holder:

"If a publisher wants to publish a book of an author that wants his book *only to be published in a green envelope*, then that might seem odd to you, but still you will have to do it as long as you want to publish the book and *have no other agreement in place*."[63]

3.2.2. The goal of F/OSS projects as protected by law

Notwithstanding, similar common understandings may be found in the global case law that endeavors by F/OSS proponents to achieve the greatest level of software

development in favor of the F/OSS community *is a concept understandable and protectable by the law itself.* If courts refused to uphold the validity of a F/OSS license, the consequences for the open source community, which relies on such a license for the continuity of its development practices could be devastating. The strength of the GPL and other open source licenses lies precisely in their moral force. The language of the Courts is, herein, undoubtedly persuasive:

> "…The GPL *purportedly functions to "guarantee [users'] freedom to share and change free software."* (GPL Preamble.) As alleged, *the GPL in no way forecloses other operating systems from entering the market…the GPL encourages, rather than discourages, free competition and the distribution of computer operating systems, the benefits of which directly pass to consumers.*"[64]

> "Thus, the GPL propagates from user to user and revision to revision: *neither the original author, nor any creator of a revised or improved version, may charge for the software or allow any successor to charge. Copyright law, usually the basis of limiting reproduction in order to collect a fee, ensures that open-source software remains free*: *any attempt to sell a derivative work will violate the copyright laws, even if the improver has not accepted the GPL.* The Free Software Foundation calls the result *"copyleft."*"[65]

> "…Through such collaboration, *software programs can often be written and debugged faster and at lower cost than if the copyright holder were required to do all of the work independently…"* Copyright licenses are designed to support *the right to exclude*; *money damages alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to **no less legal recognition**.* Indeed, because a calculation of damages is inherently speculative, *these types of license restrictions might well be rendered meaningless absent the ability to enforce* through injunctive relief…The attribution and modification transparency *requirements directly serve to drive traffic to the open source incubation page and to inform downstream users of the project, which is **a significant economic goal** of the copyright holder **that the law will enforce***…"[66]

> "…the legislator expressly recognizes **the fundamental principle of open source software** with the provision in par. 32 section 3 sentence 3 UrhG"[67]

3.3. Concluding Remarks

To address all the legal issues that may arise in the context of validity and enforceability of F/OSS licensing terms would probably be a subject matter of a book and not of a mere contribution of a particular length. In this paper, the author attempted to cite all the relevant case law that exists - to his knowledge – as of the date of writing. Many and serious questions have remained unanswered: from an American law perspective the landmark rule in *Jacobsen v. Katzer* has raised issues that enhance the license/contract debate by not drawing a clear line in the definitions between "conditions" or "contractual covenants" of a license. At the same time many issues within the GPL that have not been analysed by the European Courts in the light of the existing European framework; some of them might include e.g. the question of the applicable law, the use of general conditions in a foreign language, the automatic

termination clause in case of breach of some obligations under the contract, the copyleft provision etc. [Hoeren, 2004].

Despite the technical details that constitute the factual context of each single case and whereas copyright laws from different States and legal traditions are involved, it is not exaggeration to say that still judges from America, Germany and France share some common understandings. These understandings, as outlined above, may extend from the crucial consideration of intellectual property that a copyright holder retains the exclusive rights in a F/OSS licensing scheme by creating conditions to which licensees must adhere, to the most important legal recognition of the goal that F/OSS community pursues in such context.

All these considerations leave no doubt that judges do remain aware of global trends in Intellectual Property Law [O'Neil and Gaspar, 2010]. The pioneering body of case law developed by the German Courts - in particular – created a de facto precedent for American Courts in Information Technology Law and policy. What needs to be seen is whether open source as an alternative model of traditional proprietary software will achieve its primary goal to deliver the global community the benefits of innovation at the lowest possible cost. As long as this remains true, the global jurisprudence informs us that this is "…a significant economic goal … that the law will enforce…".

REFERENCES

- Madeleine de Cock Buning, (2007), "*The history of Copyright protection of Computer Software (The emancipation of a work of technology toward a work of authorship)*" in "*The History of Information Security*", a Comprehensive Handbook

- Wikia, (2011), "*IBM Unbundling of Software and services*", online at: http://itlaw.wikia.com/wiki/Unbundling, last accessed 26.03.2011

- Peter L. Briggs, (December 31, 1969-January. 7, 1970), "*IBM Unbundling* Biggest *Software* Event in. *1969*," Computerworld, Volume 4, pp.15.

- WIPO (2011), "*Technological and legal developments in Intellectual Property, in WIPO Intellectual Property Handbook: Policy, Law and Use*", pp. 436

- WIPO, (2011), *Basic Notions of Copyright and Related Rights*, online at http://www.wipo.int/export/sites/www/copyright/en/activities/pdf/basic_notions .pdf , accessed 26.03.2011

- Andreas Szinger, (2001), *Copyright Protection of Software, Colloquium on Language Diversity in information Society*, online at: http://www.ajk.elte.hu/TudomanyosProfil/kiadvanyok/elektronikus/academia/Sz ingerAndras-LegalRules.pdf , accessed 26.03.2011

- WIPO, (2011), *Introduction to the WIPO Copyright Treaty*, online at http://www.wipo.int , accessed 26.03.2011

- Michael J. Madison, (2004), *Reconstructing the Software License*, Loyola University Chicago Law Journal, vol. 35, pp. 280

- Joel Reidenberg, (2007), *The rule of intellectual property law in the Internet Economy*, Houston Law Review, vol. 44:4, pp. 1091

- Software Freedom Law Center, (2008), *A Legal Issues Primer for Open Source and Free Software Projects*, online at: http://www.softwarefreedom.org/resources/2008/foss-primer.html#fn2x4-bk, last accessed 26.03.2011

- Christopher S. Brown, (2010), *Copyleft, the Disguised Copyright, Why Legislative Copyright Reform Is Superior to Copyleft Licenses,* 78 UMKC, L. REV. 749, pp. 761-763

- Andrew M. St. Laurent, "*Understanding Open Source and Free software Licensing*", online at: http://oreilly.com/catalog/osfreesoft/book/, last accessed 26.03.2011

- Douglas A. Hass, "*The Gentlemen's Agreement Soldiers On, Linux under GNU, General Public Licenses 2 and 3*", online at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1330020, last accessed 26.03.2011

- Robert W. Gomulkiewicz, (2007) "*A First Look at General Public License 3.0, The Computer and Internet Lawyer*", vol.24, no. 11

- Andres Guatamuz Gonzalez, (2006), "*GNU General Public License v.3: A legal Analysis*", Script-Ed, Vol. 3, Issue 2

- Steve H. Lee, (2010), "*Open Source Software Licensing*", online at: http://cyber.law.harvard.edu/openlaw/gpl.pdf, last accessed 26.03.2011

- Timothy K. Armstrong, (2010), "*Shrinking the Commons: Termination of Copyright Licenses and transfers for the benefit of the public*", Harvard Journal on Legislation, vol. 47, pp. 376

- *Planetary Motion, Inc. v. Techplosion Inc.*, (2001), Court Of Appeals For The 11th Circuit, 261 F.3d 1188

- *Daniel Wallace v. Free Software Foundation, Inc.*, (2005), U.S. District Court, Southern District of Indiana, Indianapolis Division, 31728, 7 - 8

- *Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc*, (2006), Court of Appeals for the 7th Circuit, 467 F.3d 1104

- *SCO Group, Inc. V. IBM*, Civil action No 2:03cv0294

- *SCO Group, Inc. v. Novell*, Civil Action No 2:04cv139

- Groklaw, (2007), "*Judge Kimball administratively closes SCO v. IBM pending bankruptcy proceedings of SCO*", online at: http://groklaw.net/article.php?story=2007092110013091 , accessed 26.03.2011

- *SCO Group, Inc. v. Novell, Inc.* (2009), Court of Appeals for the 10th Circuit, No. 08-4217

- James G. Gatto, (2007), *Doubts wane over GPL enforceability, Managing Intellectual property*, online athttp://www.pillsburylaw.com/siteFiles/Publications/A9A22185D029BBE6EA A4332F1A7249E2.pdf, accessed 26.03.2011

- *Robert Jacobsen v. Matthew Katzer and Kamind Associates,* (2007), U.S. Dist. LEXIS 63568, 2007 WL 2358628

- *Robert Jacobsen v. Matthew Katzer and Kamind Associates, Inc.*, (2008), Court of Appeals for the Federal Circuit, 535 F.3d 1373

- *Sun Microsystems, Inc., v. Microsoft Corp.*, (1999), 9th Circuit, 188 F.3d 1115, 1121; Graham v. James, 2nd Circuit, 144 F.3d 229, 236

- *S.O.S., Inc. v. Payday, Inc.*, (1989) 9th Circuit, 886 F.2d 1081, 1087; Nimmer on Copyright, § 1015[A] (1999).

- *Harald Welte v. S[itecom] Deutschland GmbH*, (2004) District Court München I file number: 21 O 6123/04

- *Harald Welte v. D-Link*, (2006), District Court of Franfurt am Main 2-6 0 224/06

- *Harald Welte v. Skype Technologies SA*, (2007), First Regional Court of Munich, 7 O 5245/07

- *Educaffix28 v. CNRS*, (2007)

- Fabrice Perbost and Alan Walter (Kahn & Associés), (2011), *The International Free and Open Source Software Law Book*, France

- *Société EDU 4 v. AFPA*, (2009), Court of Appeal of Paris

- Bernard Lamon, (2010), *Validity of GPL License*, Computer Law Review International CRI

- Willebrand von, Martin, (2009), *"A look at EDU 4 v. AFPA, also known as the "Paris GPL case""*, IFOSS L. Rev., 1(2), pp 123 – 126

- Andres Guatamuz Gonzalez, (2009), *"The license/contract dichotomy in open licenses: a comparative analysis"*, University of La Verne Law Review, Vol. 30:2

- Jason B. Wacha, (2005), *"Taking the Case: Is the GPL Enforceable?"*, Santa Clara Computer and High Tech. L. Journal, vol. 21, pp. 453

- Sapna Kumar, (2006), *Enforcing the GNU GPL*, Jounal of Law, Technology and Policy, vol. 2006, No.1.

- Brad Frazer, (2009), *Open Source is not Public Domain, Evolving Licensing Philosophies*, Idaho Law Review, vol. 45

- Brian Fitzerald, Rami Olwan, (2009), *The legality of Free/ Open Software Licenses: The case of Jacobsen v. Katzer"*, Journal Of Sharia and Law, Issue No. 40

- Michael Azzi, (2010), *CPR: How Jacobsen V. Katzer Resuscitated the Open Source Movement*, University of Illinois Law Review, vol. 2010, pp. 271

- Robert W. Gomulkiewicz, (2009), *"Conditions and Covenants in License Contracts, Testing from a test of the Artistic License"*, Texas Intellectual Property Law Journal, vol. 17, No.3

- Legal IST, (2005), *Report on Legal Issues in Open Source Software*

- Andres Guatamuz Gonzalez, (2004), V*iral Contracts or unenforceable documents?, Contractual Validity of copyleft licenses*, E.I.P.R., pp. 335

- Julian P Hoppner, (2004), *"The GPL prevails: An analysis of the first-ever Court decision on the validity and effectivity of the GPL"*, Script-ed, Vol.1, issue 4

- Severine Dusollier WIPO, (2010), *Scoping Study on Copyright and Related Rights and the Public Domain, CPID/4/3REV/STUDY/INF./1*

- Lucie Guibault, (2006), *Paradigm Shift in European Intellectual Proprty Law?, From Microsoft to Linux*, Lex Electronica, vol. 10, no. 3

- Brian W. Carver, (2005), *Share and Share Alike: Understanding and Enforcing Open Source and Free Software Licenses*, Berkeley Technology Law Journal, vol. 20, pp. 469

- Thomas Hoeren, (2004), *The first ever ruling on the legal validity of the GPL – A critique of the case*, online at: http://www.oii.ox.ac.uk/resources/feedback/OIIFB_GPL3_20040903.pdf, accessed 26.03.2011

- Jennifer Buchanan O'Neil & Cgristopher J. Gaspar, (2010), *What can decisions by European Courts Teach Us about the Future of The Open Source Litigation in the United States"*, AIPLA Quarterly Journal, vol. 38, No.4

ENDNOTES

[1] Wikipedia, online at: http://en.wikipedia.org/wiki/Software#cite_ref-2

[2] Gartner, online at: http://www.gartner.com/it/page.jsp?id=1339013

[3] There are also other criteria according to which one could distinguish proprietary and non-proprietary software (e.g. price, characteristics etc), but for the purpose of our analysis we base such differentiation on the author's will to license the software through one way or another.

[4] Most computer programs have been written in "higher-level" program languages (such as Pascal, C, Prolog, Lisp and APL) as opposed to "low-level" ones, the distinction made upon the amount of abstraction between the language and machine language; in other words, "higher-level" program languages - as opposed to"low-level" ones - are human readable rather than computer readable, while low-level languages can be converted to machine code without using a compiler or interpreter and the resulting code runs directly on the processor.

[5] While "compiling" and "interpreting" are the two main means by which programming languages are implemented, these are not fully distinct categories, one of the reasons being that most interpreting systems also perform some translation work, just like compilers. The terms "interpreted language" or "compiled language" merely mean that the canonical implementation of that language is an interpreter or a compiler; a high level language is basically an abstraction which is (ideally) independent of particular implementations.

[6] See below

[7] http://www.gnu.org/philosophy/free-sw.html

[8] http://www.opensource.org/docs/osd

[9] http://www.opensource.org/about

[10] It is important to note, however, that the FSF has approved as "free software" some licenses that are incompatible to the GNU GPL license.

[11] By contrast, a license that qualifies as "free software", is almost always understood to qualify as "open source", since the criteria used by the OSD are a little looser that those provided for by the FSD.

[12] It is worth of noting that the United States of America was the first country to include software under the protection of the law by virtue of the "Software Copyright Act" enacted in 1980

[13] The reproduction right is the most basic right under copyright. That is the reason for which national laws recognize additional rights so that the basic reproduction right is respected e.g. the rights to authorize distribution, rental or importation of the copies of the protected work in question

[14] The TRIPS Agreement specifically incorporated Articles 1 through 21 of the Berne Convention into its Article 9. Moreover, the application of Article 6bis of the Berne Convention (with respect to moral rights) is guaranteed by virtue of Article 2.2 of the TRIPS Agreement (the safeguard clause), since the said Article is not included by Reference in the TRIPS Agreement. All these mean that the provisions of the Berne Convention are incorporated into the TRIPS Agreement; that having as a further fundamental consequence that countries – contracting parties to TRIPS should carefully implement the relevant provisions of the Berne Convention, since they otherwise risk running afoul of their TRIPS obligations and becoming subject to the WTO dispute settlement procedure.

[15] The rationale behind the law that object code must be also be protected under copyright law is to grant the copyright holder with all respective exclusive rights against unauthorized decompilation.

[16] http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm

[17] The wording of this provision is identical to that of Article 2 of the WIPO Copyright Treaty (WCT).

[18] By virtue of Article 1 (4) of WCT, contracting parties to that Treaty have to comply – inter alia - with Articles 1-21 of the Berne Convention.

[19] Agreed statements concerning Article 4 of the WCT

[20] The Agreed Statements concerning Articles 6 and 7 WCT read:
> As used in these Articles, the expressions "copies" and "original and copies," being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects.

The question raised hereto was whether or not these Agreed Statements exclude the application of the right of distribution to transmissions in interactive digital networks, such as the Internet; the answer should be, though, negative, since the abovementioned statements determine only the minimum scope of the right of distribution. Contracting States may permissibly exceed it.

[21] The word "contractual" and the relevant words "terms" and "conditions" should not give rise to any thought that the author distinguishes between a "license" and a "contract" or between "terms" and "conditions" of the license, since there is no intention to discuss such an "American law" issue in detail at this point of our analysis.

[22] It would be outside the scope of this contribution to review the characteristics of a proprietary software license in depth with regard to copyright law. Nor is our intention to draw every single difference between a proprietary software license and a Free/Open Source one. What is important for our analysis is to point out of what the "metacentre" of a typical software license consist and compare it to the "copyright law" philosophy that settles in the architecture of F/OSS licenses. The result is valuable, since the notion of "copyright infringement" differentiates greatly from one to another licensing scheme.

[23] Although that may not always be the case according to copyright laws

[24] These licenses guarantee the availability of their permissions only for the first generation of the software

[25] See in that regard the relevant works of:
Douglas A. Hass, "The Gentlemen's Agreement Soldiers On, Linux under GNU, General Public Licenses 2 and 3", online at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1330020, last accessed 26.03.2011,
Robert W. Gomulkiewicz, (2007) "A First Look at General Public License 3.0, The Computer and Internet Lawyer", vol.24, no. 11 and
Andres Guatamuz Gonzalez, (2006), "GNU General Public License v.3: A legal Analysis", Script-Ed, Vol. 3, Issue 2

[26] Planetary Motion, Inc. v. Techplosion Inc., (2001), Court Of Appeals For The 11th Circuit, 261 F.3d 1188

[27] At para. 23

28 Daniel Wallace v. Free Software Foundation, Inc., (2005), U.S. District Court, Southern District of Indiana, Indianapolis Division, 31728, 7 - 8

[29] At para 5 and 6

[30] Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc, (2006), Court of Appeals for the 7th Circuit, 467 F.3d 1104

[31] SCO Group, Inc. V. IBM, Civil action No 2:03cv0294

[32] SCO Group, Inc. v. Novell, Civil Action No 2:04cv139

[33] SCO Group, Inc. v. Novell, Inc. (2009), Court of Appeals for the 10th Circuit, No. 08-4217

[34] Robert Jacobsen v. Matthew Katzer and Kamind Associates, Inc., (2008), Court of Appeals for the Federal Circuit, 535 F.3d 1373

[35] The District Court's reasoning in Jacobsen v. Katzer [(2007), U.S. Dist. LEXIS 63568, 2007 WL 2358628, at para 7)] was as follows:

> "…The plaintiff claimed that by modifying the software the defendant had exceeded the scope of the license and therefore infringed the copyright. Here, however, the JMRI Project license provides that a user may copy the files verbatim or may otherwise modify the material in any way, including as part of a larger, possibly commercial software distribution. The license explicitly gives the users of the material, any member of the public, "the right to use and distribute the [material] in a more-or-less customary fashion, plus the right to make reasonable accommodations." The scope of the nonexclusive license is, therefore, intentionally broad. The condition that the user insert a prominent notice of attribution does not limit the scope of the license. Rather, Defendants' alleged violation of the conditions of the license may have constituted a breach of the nonexclusive license, but does not create liability for copyright infringement where it would not otherwise exist."

[36] Sun Microsystems, Inc., v. Microsoft Corp., (1999), 9th Circuit, 188 F.3d 1115, 1121; Graham v. James, 2nd Circuit, 144 F.3d 229, 236

[37] S.O.S., Inc. v. Payday, Inc., (1989) 9th Circuit, 886 F.2d 1081, 1087; Nimmer on Copyright, § 1015[A] (1999).

[38] Graham, 144 F.3d at 236-37 (whether breach of license is actionable as copyright infringement or breach of contract turns on whether provision breached is condition of the license, or mere covenant); Sun Microsystems, 188 F.3d at 1121 (following Graham; independent covenant does not limit scope of copyright license). In Jacobsen, the District Court, clearly treated the license limitations as contractual covenants rather than conditions of the copyright license.

39 Harald Welte v. S[itecom] Deutschland GmbH, (2004) District Court München I file number: 21 O 6123/04

[40] Section 4 GPL (v.2) reads:

> 4. You may not copy, modify, sublicense, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense or distribute the Program is void, and will automatically terminate your rights under this License. However, parties who have received copies, or rights, from you under this License will not have their licenses terminated so long as such parties remain in full compliance."

[41] At para. 306 section 2 BGB [Bürgerliches Gesetzbuch = Civil Code]. Moreover, The court considered the license conditions as general conditions of sale that are to be checked according to par. 305 ff. BGB.

[42] According to par. 305 section 2 BGB

[43] According to par. 31 section 1 sentence 2 UrhG. The relevant paragraph reads (in unofficial English translation):

> "Paragraph 31 section 1 and 2: Granting Usage Rights
>
> (1) The author can grant others the right to use the work in some or all manners (usage right). The usage right can be granted as a simple or exclusive right and can be limited geographically, temporally, or content-wise.

(2) The simple usage right allows the owner to use the work as permitted, without excluding the use by others."

[44] In unofficial English translation

[45] In particular with par. 31 section 1 sentence 2 UrhG

[46] par. 32 UrhG reads:

"Paragraph 32: Adequate Compensation

(1)…

(2)…

(3) A contract partner cannot rely on an agreement that differs from the sections 1 and 2 to the disadvantage of the author. These rules also apply if they are circumvented by other means. However, the author <u>can grant a usage right for everybody free of charge</u>." (emphasis added)

[47] Harald Welte v. D-Link, (2006), District Court of Franfurt am Main 2-6 0 224/06

[48] In quite similar thoughts to those formulated in Harald Welte v. S[itecom]

[49] That was also a matter considered similarly in Harald Welte v. S[itecom]

[50] We do not address the rationale of the Court, since that is fully based on the case-law established in Germany by Welte's actions.

[51] Harald Welte v. Skype Technologies SA, (2007), First Regional Court of Munich, 7 O 5245/07

[52] Educaffix28 v. CNRS, (2007), no further citation information are known to the author

[53] Section 2 of the GPL reads:

«…these requirements apply to the modified work as a whole. If identifiable sections of that work are not derived from the Program, and can be reasonably considered independent and separate works in themselves, then this License, and its terms, do not apply to those sections when you distribute them as separate works. But when you distribute the same sections as part of a whole which is a work based on the Program, the distribution of the whole must be on the terms of this License, whose permissions for other licensees extend to the entire whole, and thus to each and every part regardless of who wrote it».

[54] Société EDU 4 v. AFPA, (2009), Court of Appeal of Paris

[55] Directive 2000/31/EC of the European Parliament and of the Council on certain legal aspects of information society services, in particular electronic commerce, in the internal market

[56] Although not explicitly

[57] Harald Welte v. S[itecom] Deutschland GmbH

[58] Harald Welte v. D-Link

[59] Planetary Motion, Inc. v. Techplosion, Inc.

[60] Daniel Wallace v. Free Software Foundation, Inc.

[61] Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc.

[62] Jacobsen v. Katzer

[63] Harald Welte v. Skype (paraphrasing from Welte)

[64] Daniel Wallace v. Free Software Foundation, Inc.

[65] Daniel Wallace v. International Business Machines Corporation, Red Hat, Inc. and Novell, Inc.

[66] Jacobsen v. Katzer

[67] Harald Welte v. Sitecom