

Germany

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Introduction to software protection under German law

Body of law

In Germany, the Copyright Act¹ is the primary legislative regime providing legal protection to software. Its key provisions relevant for software are sections 69a through 69g. They were included in order to implement the so-called EU Software Directive² into German national law, and their language is almost identical with that of the EU directive. However, insofar as there are no contradictions or unless the act provides otherwise, the general rules of the Copyright Act (i.e., on the transfer of rights, the legal consequences of infringements, etc.) apply to software as well.³

Object of protection

Following the understanding of the Berne Convention for the Protection of Literary and Artistic Works and the framework of the Software Directive, computer programs (including the preparatory material) are literary works. According to UrhG, sec. 69a para 3, only original computer programs are protected under copyright law.⁴ This means that the computer program needs to be the author's "own intellectual creation". Sec. 69a para 2 sentence 2 of the Copyright Act explicitly states that the ideas and principles underlying any element of a computer program, including those which underlie its interfaces, do not enjoy copyright protection.

But what does "the author's own intellectual creation" mean? First, the term "intellectual" refers to the condition that the computer program must have been created by a human being and not a machine. Thus, programs that are entirely computer-generated are not protected under copyright law.⁵ The only other prerequisite is that the creation must be the author's "own". According to German case law and literature, this confirms that the threshold for awarding copyright

¹Gesetz über Urheberrecht und verwandte Schutzrechte (Urheberrechtsgesetz) of 9.9.1965, hereinafter referred to either as 'Copyright Act' or by its common German acronym 'UrhG'.

²Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, which was replaced by the Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs; hereinafter referred to as the "Software Directive".

³UrhG, sec. 69a para 4 reads as follows: "The provisions on literary works shall apply to computer programs where not otherwise provided in this Section."

⁴The wording differs slightly from that used in UrhG, sec. 2 para 2 where the general requirements for the protection of works are set forth. This provision reads as follows: "Personal intellectual creations alone shall constitute works within the meaning of this Law."

⁵GRÜTZMACHER, in: Wandtke/Bullinger (ed.), Praxiskommentar zum Urheberrecht, 3rd ed., 2009 (hereinafter referred to as "UrhR"), § 69a ref. 32.

protection to computer programs is low.⁶ Hence, the creation does not need to be exceptionally original, it is sufficient if the program has certain specific characteristics that are not trivial or entirely banal.⁷ The Federal Court of Justice held in a decision from 2005 that there is even a presumption for sufficient individuality if a computer program is complex.⁸ This ruling has consequences in cases where the copyrightability of a program is disputed. The creator of the program has only to show that this program is complex, whereupon the opponent has the full burden to show and prove that the program is in fact not individual enough.

Authors/Beneficiaries

Generally, all rights in a work belong to the actual author. Sec. 69b of the Copyright Act, a special provision on the ownership of the rights on computer programs, does not defer from this principle, but stipulates that where a computer program is created by an employee in the execution of her duties or following her employer's instructions, the employer shall be exclusively entitled to exercise all economic rights in the program created, unless otherwise provided for by contract. Other than under the work made for hire doctrine, which is well-established in the USA, for instance sec. 69b does not provide for a fiction of authorship to the benefit of a developer's employer, but maintains the principle that only the actual creator of a work can be considered its author. However, sec. 69b achieves the goal of easing the exploitation of computer programs made by larger developer groups hired by software companies by a statutory grant of all necessary economic rights in the software. The original authors are thus confined to assert their moral rights in very special situations.⁹

For an analysis of joint authorship, derivative works, compound works, and collective works see below.¹⁰

Exclusive rights

The right holder's exclusive rights are set out in UrhG, sec. 69c, which implements the specifications of sec. 4 of the Software Directive: the author of a computer program has the exclusive right to reproduce the computer program by any means and in any form; to translate, adapt, arrange or otherwise alter

⁶BGH (Bundesgerichtshof, hereinafter also referred to as "Federal Court of Justice"), 2005 GRUR (Gewerblicher Rechtsschutz und Urheberrecht) 860, 861 — Fash 2000, available at <http://www.jurpc.de/rechtspr/20050111.htm>; GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69 ref. 33; CZYCHOWSKI, in: Fromm/Nordemann (ed.), Urheberrecht, 10th ed., 2008 (hereinafter referred to as "UrhR"), § 69a ref. 18.

⁷BGH 2005 GRUR 860, 861 — Fash 2000, available at <http://www.jurpc.de/rechtspr/20050111.htm>; DREIER, in: Dreier/Schulze (ed.), Urheberrechtsgesetz, 4th ed., 2013 (hereinafter referred to as "UrhG"), § 69a ref. 27; GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69a ref. 34.

⁸BGH 2005 GRUR 860, 861 — Fash 2000, available at <http://www.jurpc.de/rechtspr/20050111.htm>.

⁹See below the more detailed section on "Moral Rights".

¹⁰The section on "Copyright" of the "Analysis of FOSS under German Law".

the program; to distribute the program including to rent and lend the program; and to communicate it to the public. Distribution means any act by which a *physical copy* of the work is put into circulation or any offer to the public to distribute such a copy. It includes the right to rent physical copies of the work. In contrast to the distribution right, the right to communicate a work to the public covers only acts by which the owner does not transfer physical copies of the work. From a practical point of view, among the several rights that are sub-categories of the right to communicate a program to the public (such as the right of recitation, performance and presentation, broadcasting, communication by means of video or audio recordings, etc.), only the making available to the public right is relevant. It covers acts where a work is made available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them, e.g., offering a work for download and software-as-a-service.

Exceptions to exclusive rights

Sec. 69c no. 3 sentence 2 of the Copyright Act sets forth the principle of exhaustion. According to this provision, the distribution right is exhausted whenever a copy of a computer program is put into circulation by way of sale¹¹ within the territory of the European Communities or in another Contracting State of the Convention Concerning the European Economic Area¹² with the consent of the right holder, with the exception of the rental right. Whether this applies only to the physical distribution of software (that is, on data storage media) or whether the principle of exhaustion also applies to online transmissions was highly disputed in German legal circles until recently. The problem was that the language of sec. 69c no. 3 sentence 2 seems to require that the rights holders themselves put a copy of the program into (physical) distribution, whereas in cases where the program is made available for download, it is the downloading recipient of the software, rather than the right holder who creates the physical copy. Hence, interpreting the above provision narrowly would mean that it could not be applied to making-available situations, as the right holder would not “put a copy of the program into circulation”.¹³ However, as it appears odd to disadvantage the more efficient, faster, and commonly used distribution channel of downloading, a number of scholars and courts have opined that exhaustion is also possible where a copy of a program was made by its downloading recipient.¹⁴ According to this approach, the recipient would be entitled to give away this copy to any-

¹¹With or without consideration.

¹²See <http://www.efta.int/legal-texts/eea.aspx>.

¹³Of this opinion: OLG München, 2008 MMR (Multimedia und Recht) 601; LG München I, 2007 MMR 328; OLG München, 2006 MMR 746; LG München I, 2006 MMR 175; HEYN/SCHMIDL, 2006 K&R (Kommunikation & Recht) 74, 76 f.; PAUL/PREUSS, 2008 K&R 526, 528; CZYCHOWSKI, in: Fromm/Nordemann, UrhR, § 69c ref. 33.

¹⁴LG Hamburg, 2006 MMR 827; OLG Hamburg, 2007 MMR 317; JAEGER, Der Erschöpfungsgrundsatz im neuen Urheberrecht, in: Hilty/Peukert (ed.), Interessenausgleich im Urheberrecht, 2004, p. 47, 58 f.; HOEREN, 2010 MMR 447; GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69c ref. 31.

one else, provided that she deletes from her systems all copies of the program she has made. On 3 July 2012, the Court of Justice of the European Union has, in its *UsedSoft* decision, recognized the so-called “online exhaustion”.¹⁵ Applying the principles established in that decision, the German Federal Court of Justice held in 2013 that the owner of a copy of a computer program downloaded by her may give that program to a third party if the following conditions are met: (1) the original owner paid a fee to the copyright holder for receiving her program copy; (2) the original owner’s license was not limited in time; and (3) the original owner’s program copy must be made unusable. Moreover, any improvements and updates the copy the new owner receives may contain must be covered by a maintenance agreement between the copyright holder and the original owner of the copy of the computer program.¹⁶

Equally contentious, and in its details certainly not easy to understand, are the exceptions provided for in UrhG, sec. 69d and 69e. Their origin is, not surprisingly, the Software Directive. The exceptions are intended to balance the interests of protection for software developing companies on the one hand, and the interests of users in maintaining the usability of their copies of the program and in developing new compatible programs on the other.

According to UrhG, sec. 69d para 1, users of a computer program do not need to obtain a license for the reproduction and alteration of the software if these acts are necessary for the use of the program in accordance with its intended purpose and the user is entitled to use a copy of the program.¹⁷ The provision specifically points out that error corrections can be allowed without the need to receive a license. Confusingly, the paragraph also contains language stating that the exercise of these rights is subject to the condition of no specific contractual provisions stipulating otherwise. Does this mean that sec. 69d para 1 can be fully waived? The prevailing opinion in Germany answers this question in the negative, saying that sec. 69d para 1 contains a core of exceptions that may not be forgone.¹⁸ The German Federal Court of Justice confirmed this opinion in *UsedSoft II*.

In addition, the requirement of an “intended purpose” poses manifold problems that are beyond the scope of this chapter. UrhG, sec. 69d para 2 allows lawful users of a copy of a computer program to make a back-up copy insofar as it is necessary to ensure future use, even if contractual obligations of the owner of the copy with the right holder provide otherwise.

Sec.69d para 3 of the Copyright Act contains an interesting rule, giving lawful

¹⁵Case C-128/11 — *UsedSoft GmbH v. Oracle International Corp.*, available at <http://curia.europa.eu/juris/celex.jsf?celex=62011CJ0128&lang1=en&type=TEXT&ancre=>

¹⁶BGH, judgment of 17 July 2013, ref. I ZR 129/08, available at <http://openjur.de/u/638197.html>

¹⁷Therefore an EULA is not necessary for the end user to run a lawfully obtained software.

¹⁸CZYCHOWSKI, in: Fromm/Nordemann, UrhR, § 69d ref. 30; DREIER, in: Dreier/Schulze, UrhG, § 69d ref. 12; LOEWENHEIM, in: Schricker/Loewenheim, Urheberrecht (UrhR), § 69d ref. 13.

users of a copy of a computer program the right to observe, study, or test the functioning of the program “in order to determine the ideas and principles which underlie any element of the program if she does so while performing any of the acts of loading, displaying, running, transmitting or storing the program which she is entitled to do.” UrhG, sec. 69d para 2 and 3 may not be overridden by contract, as UrhG, sec. 69g para 2 unequivocally states.

The same is true for the rule set out by UrhG, sec. 69e. According to this provision, authorization of the right holder is not necessary when the reproduction of a program and its translation into another form, including the decompilation, is indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs, if certain conditions are met.¹⁹

Moral rights

German copyright traditionally recognizes strong moral rights of the authors of protected works. In principle, this is also true for copyrighted software. Moral rights are not within the scope of the EU Software Directive: thus, the general rules of German copyright law on moral rights apply that is, in particular, UrhG, sec. 12 through 14.²⁰ However, there is much discussion about the extent to which authors of computer programs enjoy moral rights. It appears that the tendency is to award them less protection than to authors of “classical” works protected by copyright law.²¹

Sec. 12 gives authors the right to decide whether and how their works are to be published. Its practical importance for software is negligible.

Sec. 13 grants authors the right of recognition of their authorship (sentence 1), and the right to decide whether the work is to bear an author’s designation and what kind of designation that should be (sentence 2). The prevailing view is that an author may not completely waive his right of recognition²², even in an employer-employee relationship.²³ On the other hand, authors may renounce their right to be expressly named on each copy of the software.²⁴ This can be done impliedly for instance, if the author was aware of a business practice that does not list the actual developers.²⁵

Sec. 14 provides for the right to prohibit any distortion of an author’s work which would jeopardize her legitimate intellectual or personal interest in the

¹⁹These are delineated in sec. 69e para 1 through 3.

²⁰See GRÜTZMACHER, in: Wandtke/Bullinger, UrhR, § 69a ref. 48.

²¹Full right of recognition of her authorship of the work (sec. 13) but only a limited right to prohibit any distortion of her work (see sec. 14), DREIER, in: Dreier/Schulze (ed.), UrhG, § 69a ref. 34.

²²GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69a ref. 50; § 69b ref. 40; before §§ 12 ff ref. 5 ff.

²³GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69b ref. 40.

²⁴GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69a ref. 51; § 13 ref. 10.

²⁵GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69a ref. 51.

work. Examples could include the use of a work in a certain way that could negatively reflect on the author’s reputation, such as the use of the work in a racist or pornographic context, or the distribution of versions of the work in particularly bad quality.

In addition, the recognition of moral rights has a strong impact on the possibilities to assign or grant rights in copyrighted works. For details, see the “Copyright assignment” section below.

Term of protection

For computer programs, the same provisions on the protection term apply as for works of literature and art: the copyright expires 70 years as of January 1 following the death of the author (UrhG, sec. 64, 69). If a work was created by joint authors, the 70-year period is calculated from the date of the death of the last surviving author (UrhG, sec. 65 para 1). As to derivative works, there is no special rule as both the author of the original work and the author of the derivative work hold independent copyrights. Thus, each protection term is calculated separately under the general rule. For anonymous and pseudonymous works, the deciding date is the publication of the work (UrhG, sec. 66 para 1). If, however, the author or his legal successor reveals her identity before the expiration — that is within the 70-year period after publication — or if the author’s identity is clear, the duration of the copyright is calculated under the general rule set forth in sec. 64 and 65 (UrhG, sec. 66 para 2).

Copyright assignment

In principle, German copyright law does not distinguish between software and other protected works when it comes to the fundamental mechanisms of the transfer and assignment of rights. German copyright tradition is built on the idea that both economic and moral interests in a work come from the same root (so called “monism theory”). As moral interests are seen as being linked directly with an author’s personality, it is not possible for an author to completely assign all rights in a work or, to put it in other words, to entirely transfer the ownership of the work. This being said, it cannot come as a surprise that the concept of works made for hire is foreign to German copyright law as well.

The legal mechanism used for giving other parties the rights to use and exploit a work is the grant of a bundle of rights. To achieve results similar to a complete copyright transfer, one would grant all exclusive usage rights to the licensee. The original author would still be entitled to her moral rights and could object to certain uses on their basis.²⁶

²⁶In this context, it should be noted that German copyright law provides for a general right of authors to receive equitable remuneration for the rights granted, according to which the author may even require the licensee to amend the license agreement if the compensation is not sufficient, UrhG, sec. 32. However, according to UrhG, sec. 32 para 3 sentence 3, authors may “grant a non-exclusive exploitation right without consideration to the world at large” (translation by A. Dietz, 2004 IIC 842, 844) so that authors that choose to put software under

However, art. 2 para 3 of the Software Directive caused the German legislator to introduce a clause into the Copyright Act that significantly eases the acquisition of developers' rights by their employers. Sec. 69b, which is applicable only to software but not to other work categories, implements this EU provision and provides that "[w]here a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer exclusively shall be entitled to exercise all the economic rights in the program, unless otherwise agreed." Thus, it is presumed that an employer obtains all economic rights in a software program created by an employee as long as the creation of the program occurred within the framework of her obligations as an employee. Two observations: First, the employer does not become the author of the software (as would be the case if it were a work made for hire system) but only obtains the economic rights that is, the rights needed for the commercial exploitation of the work. The moral rights, however, remain unaffected. Second, the presumption can be overcome by individual agreement.

Special measures

In case of infringement, a mix of provisions governing the enforcement of the copyright applies. Most general provisions of the Copyright Act are applicable to software in the same way as to any other copyright-protected work. Most importantly, sec. 97 para 1 accords to the authors and holders of exclusive rights the right to demand from the infringer to cease and desist from her infringing actions (provided that there is the danger that she will repeat the infringement, *Unterlassungsanspruch*) and to correct the infringement already caused (*Beseitigungsanspruch*). Moreover, where the infringement was intentional or the result of negligence, the holders of exclusive rights may also ask for damages (sec. 97 para 2).²⁷ According to sec. 97 para 2 sentence 4, authors may also demand a monetary indemnity for the injury caused to them even if no pecuniary loss has occurred. Sec. 101 accords to the infringed right holders the right to require from the infringer to be informed as to the origin and distribution channels of the infringing copies, which includes in particular the name and address of the manufacturer; the supplier and other prior owners of the copies and of the commercial customers; the quantity of copies that have been manufactured, dispatched, received or ordered; and the prices obtained.

In addition, UrhG, sec. 69f contains special provisions exclusively governing software, in particular with regard to DRM protection, and pursuant to UrhG, sec. 69a para 5, the general provisions about DRM protection (UrhG, sec. 95a through 95d) do not apply to software.

According to UrhG, sec. 69f para 1, the holder of the rights in a computer

a FOSS license cannot rely on the rights otherwise awarded by UrhG, sec. 32. For details, see the explanation in "The Right to equitable remuneration and the so-called 'Linux clause'".

²⁷Three ways of calculation of damages are accepted: actual damages, profits of the infringer, and the amount the infringer would have had to pay if he had entered into a license agreement with the right holder (UrhG, sec. 97 para 2 sentences 2 and 3).

program is entitled to demand from anyone who owns or possesses unlawfully manufactured or distributed copies, or copies intended for unlawful distribution, to destroy these copies. This right does not require intent or negligence on the part of the owner or proprietor, nor is it required that the owner or proprietor herself infringed on the copyright. It is sufficient that the copies are made or distributed in an objectively unlawful way. In this sense, sec. 69f para 1 is considerably further-reaching than the general rule set forth in sec. 98 para 1 of the Copyright Act, according to which the right to require the destruction of unlawful copies can only be enforced against the actual infringers.²⁸ Apart from that, the right owner may also require — for appropriate compensation — that the owner or proprietor hand over the infringing copies to her (sec. 69f para 1 sentence 2).

Sec. 69f para 1 applies *mutatis mutandis* to any means whose sole intended purpose is to facilitate the unauthorized removal or circumvention of any technical mechanism that protects the software from copyright-infringing acts (sec. 69f para 2). In comparison with the general provisions on technological measures that are designed to restrict or prevent certain acts which are not authorized by the right holder and on destruction claims, there are a number of important differences. First, sec. 69f para 2 does not provide for a direct prohibition of any act of circumventing technical measures. Second, sec. 69f para 2 applies only when the circumvention means are *solely* designed for circumvention purposes, whereas sec. 98 para 1 sentence 2 of the Copyright Act provides for a destruction claim also in cases where a means is *predominantly* used for the creation of infringing copies. Third, sec. 69f para 2 (as para 1) does not require intent or negligence. Finally, para 2, just as para 1, provides for a claim against any owner or proprietor irrespective of whether she is the infringer.

The right to equitable remuneration and the so-called “Linux clause”

With a right to equitable remuneration of each author, in 2002 the German legislator introduced a feature into copyright law that is rather uncommon on the international level. According to UrhG, sec. 32 para 1 sentence 3, if the initially agreed compensation is not equitable, any author has the right to require assent from the other contracting party to amend the license agreement concluded between the two parties so that the author is assured equitable remuneration. As this obviously has the potential to conflict with the concept of FOSS, the German legislator, pressed by the FOSS community, researchers, and practitioners,²⁹ inserted into UrhG, sec. 32 para 3 sentence 3 an exception to this rule called the *Linux clause*. According to this provision, the author may “grant a non-exclusive exploitation right without consideration to the world at large,”³⁰ which excludes the right to claim equitable remuneration at any later

²⁸For further details see GRÜTZMACHER, in: Wandtke/Bullinger (ed.), UrhR, § 69f ref. 25 ff.

²⁹See the statement of the ifrOSS that is available at http://www.ifross.org/ifross_html/urhebervertragsrecht.pdf.

³⁰Translation by A. Dietz, 2004 IIC 842, 844.

point.

The situation is similar with regard to UrhG, sec. 32a, another provision protecting authors' interests in getting a fair share of the returns gained by using their works. This provision provides for an author's right to demand further compensation for the exploitation of her work, in situations where the conditions of the grant of rights cause the agreed consideration to be conspicuously disproportionate to the returns and advantages from the use of the work. According to sec. 32a para 2, even third parties can be liable to pay to the author additional compensation, if the author's licensee has transferred the exploitation rights granted to her, or granted further exploitation rights, and the conspicuous disproportion results from advantages to this third party. In this case, the original licensee ceases to be liable under sec. 32a. In order to protect the functioning of the FOSS concept that is built on not paying for the exploitation rights, the German legislator decided to include in sec. 32a para 3 sentence 3 the same exception as sec. 32 para 3 sentence 3 delineated above.³¹

According to their wording, both sec. 32 para 3 sentence 3 and 32a para 3 sentence 3 only apply if the author herself puts her work under a general non-exclusive license for everyone. Yet one might wonder whether she can claim equitable remuneration or additional compensation if she grants exclusive rights to a third party who later puts the work under a FOSS license. There is no case law on this matter; but if the license agreement between the author and the third party expressly provides for the third party's right to distribute the program as FOSS, the situation is so similar to the one directly contemplated by said provisions of the Copyright Act that in this case they should be applied by way of analogy. However, the outcome should be different if the author's licensee uses both a FOSS and a commercial license. In such a case, the author must get a fair share of the returns made by the commercial distribution of her creation; the Linux clauses do not apply.

Another issue should also be briefly considered. It deals with whether or not UrhG, sec. 32 and 32a have a bearing on cases where software was created in an employer-employee relationship (which is, as discussed above, governed by the presumption of UrhG, sec. 69b).³² There is no authoritative answer to this question so far; however, based on older case law regarding sec. 32a's predecessor³³ it seems likely that sec. 32a also applies if an employer obtained exploitation rights under sec. 69b.³⁴ The consequence is that an employee who did not give her consent to the distribution of his creation under a FOSS license would not be hindered in raising a claim under sec. 32a UrhG. If, on the other hand, the employee assented to a FOSS distribution, sec. 32a para 3 sentence 3

³¹For a more detailed description of the legislative history see JAEGER/METZGER, *Open Source Software, Rechtliche Rahmenbedingungen der Freien Software*, 3rd ed., 2011 (hereinafter referred to as "OSS"), ref. 136.

³²See the section on "Copyright Assignment" above.

³³BGH, 2002 CR 249 — Wetterführungspläne II.

³⁴JAEGER/METZGER, *OSS*, ref. 138; for a detailed discussion see GRÜTZMACHER, in: Wandtke/Bullinger (ed.), *UrhR*, § 69b ref. 23 f.

should apply by way of analogy. In contrast, sec. 32 is probably not applicable to employed software authors.³⁵

Unprotected software and public domain software

As explained, German copyright doctrine does not allow the complete waiver of one's copyright, and consequently, public domain software cannot be seen as software to which the author has forgone all her copyrights. Hence, real public domain software — software without a rights holder — is a phenomenon that can occur only after the expiration of the protection term. However, the term “public domain software” is widely used in Germany as it is in other countries. As this may not be understood as the non-existence of any rights in the software, another mechanism applies for giving effect to a right holder's desire to enable everyone to freely use the program: putting a program in the public domain can be interpreted as granting to everyone a non-exclusive right to use the software.³⁶

However, FOSS is not considered public domain software, as FOSS authors do not give up their rights but rather use copyright to enforce their interests.³⁷

Analysis of FOSS under German law

Copyrights

Qualification of FOSS

Even though the general public often assumes that a FOSS author forgoes her rights, the generally accepted opinion among lawyers, including the courts, is correctly that FOSS authors rather use the traditional mechanisms of copyright to enforce their particular interests.³⁸ Thus, the analysis of FOSS under German copyright law can build on its generally accepted structures.

The first issue that has to be dealt with is the question of authorship: Who is the original rights-owner of FOSS software? And who is entitled to enforce the rights emanating from authorship? The general principles of authorship have been presented above, but how do they apply to software that from the outset is often created by a group of developers and then set free so that hundreds or thousands of people contribute to the further development of the software?

Four terms representing different concepts come to mind: co- or joint authorship, derivative works, compound works, and collective works.

³⁵JAEGER/METZGER, ref. 139. For more detail see GRÜTZMACHER, op. cit.

³⁶JAEGER/METZGER, OSS, ref. 8.

³⁷DREIER, in: Dreier/Schulze (ed.), UrhG, § 69c ref. 38; LG München I, 2004 MMR 693, 694; LG Frankfurt, 2006 CR 729, 731.

³⁸DREIER, in: Dreier/Schulze (ed.), UrhG, § 69c ref. 38; LG München I, 2004 MMR 693, 694; LG Frankfurt, 2006 CR 729, 731.

Rights of the original co-authors

Sec. 8 para 1 of the Copyright Act sets out two factors of joint authorship: (1) the work must have been jointly created by several authors; and (2) their contributions cannot be separately exploited.

(1) Joint creation:

Joint authorship requires that two or more authors willfully collaborate in order to create a work. They must follow a common idea and have a shared plan to create a unitary work. Joint authors agree on a common task and reciprocally align the creative process with the collective idea to create an integrated work.³⁹ In contrast, the creator of a derivative work does not collaborate with the author of the original work.

It is not necessary, however, for the authors to work at the same time or at the same place.⁴⁰ Hence, collaborative software development over networks can lead to the creation of a joint work, as would developing a program while being in the same office. Nevertheless, in most FOSS projects joint authorship is less common than the creation of derivative works.

(2) Unitary exploitation:

Joint authorship further requires that the contributions of the distinct authors cannot be exploited separately. If a separate exploitation is possible — as is the case, for instance, for software modules or libraries — it is rather a case of compound works (UrhG, sec. 9).

According to para 2 of sec. 8 of the Copyright Act, “the right of publication and of exploitation of the work shall belong jointly to the joint authors.” Alterations to the work are permissible only if every joint author consents. The consequence of this is that every contributor to a jointly developed computer program has to agree with the exploitation of the program, in particular with putting it under a FOSS license.⁴¹

The third sentence of para 2 of the provision is of great importance for the enforcement of FOSS licenses. Pursuant to its terms, each joint author alone is entitled to assert claims arising from infringements of the joint copyright. Hence, it enables every contributor to enforce compliance with the applicable FOSS license through cease and desist claims under UrhG, sec. 97 para 1. However, it should be noted that a single joint author may demand payment of damages only to all joint authors. This means that while one single joint author is in principle allowed to enforce payment claims, she must, when doing so, name every other co-author of the work and demand payment to all co-authors together. The

³⁹For computer programs see BGH, 1994 GRUR 39, 40 — Buchhaltungsprogramm.

⁴⁰THUM, in: Wandtke/Bullinger (ed.), UrhR, § 8 ref. 17; SCHULZE, in: Dreier/Schulze (ed.), UrhG, § 8 ref. 3.

⁴¹JAEGGER/METZGER, OSS, ref. 145. Pursuant to UrhG, sec. 8 para 2 sentence 2, “(h)owever, a joint author may not unreasonably refuse his consent to the publication, exploitation or alteration of the work.”

purpose of this requirement is the protection of the other co-authors not raising the payment claim. The treatment of information claims is disputed, but it seems reasonable to allow each single author to enforce this kind of claim alone without being obligated to refer to each and every co-author.⁴²

Authors of derivative works

Another way of creating new software is the alteration of pre-existing programs, as contemplated by UrhG, sec. 3, 23, and 69c No. 2. If this is the case, both the old and the new work are separately protected under copyright law. However, the author of the derived work needs consent from the author of the original work in order to be able to lawfully exploit the new creation. It is not always easy to decide whether a work was created as a joint work or just derived from another one. The main aspect is the afore-mentioned factor of having a common, shared plan: if one existed and the contributions were not separately exploitable, it is a case of joint authorship; otherwise, it is a derivative work or a case of compound works.

In derivative work situations, both the author of the original work and the author of the derived work may enforce their own rights without having to involve the other.

Compound works

Independent works — that is, works that were created and can be exploited independently from each other — that are combined by several authors for exploitation in common are called compound works and are governed by UrhG, sec. 9. Sec. 9 not only requires the act of combining the works, but the combination must be made for *joint exploitation*. In other words, the respective authors must enter — expressly or impliedly — into an agreement that the works are supposed to be exploited in common.⁴³ Hence, compound works may be created only if each author consents in advance to the combination of the works. The legal consequence is that each author of the several works combined may require from the others their consent to the publication, exploitation, or alteration of the compound works, provided that such consent may be reasonably demanded of them. Contrary to cases of joint authorship, the authorship on every separate work remains unaffected by the combination. Thus, the rights in each separate work can be enforced separately.

Collective works

In addition, German copyright law also protects collective works. These are collections of works, data, or other independent elements, provided that the

⁴²LOEWENHEIM, in: Schricker/Loewenheim (ed.), Urheberrecht, 4th ed., 2010 (hereinafter referred to as “UrhR”), §8 ref. 20; DREIER, in: Dreier/Schulze (ed.), UrhG, §-8 ref. 21.

⁴³DREIER, in: Dreier/Schulze (ed.), UrhG, § 9 ref. 6.

collection itself is a personal intellectual creation (UrhG, sec. 4 para 1) — in other words, work as defined by UrhG, sec. 2 para 2.

The difference between collective works and works of joint authorship is that in the latter case, one single work is created whose parts cannot be exploited separately, whereas an exploitation of the parts of a collective work is perfectly possible. If a work is co-authored, only one work exists; if a collection is created, one can distinguish between the collection as one work, and its parts as different works.

The decisive aspect for the distinction between collections and compound works is the following: For bringing compounds of works into existence, it is necessary that the authors of the individual works themselves determine what works should be combined and decide that exactly these works should be exploited in common. In the case of a collection, by contrast, the authors of the several parts grant exploitation rights to a third party and do not designate which works will eventually be used for the collection.⁴⁴

Due to the fact that the copyright in the collective work is independent from that in the parts of the collection (provided they are works), the exploitation of the collective work requires the consent of both the creator of the collective work and the authors of its parts.⁴⁵ Each author, including the author of the collection, may enforce her rights separately.

The assignment of copyrights

Copyright assignments or contribution agreements that are designed to transfer the complete copyright to the assignee are problematic under German law. Under German copyright law, the complete transfer of copyright is not possible, so such assignments risk being void. Therefore, when drafting such agreements, it is recommended to take into consideration the legal situation in Germany and other “droit d’auteur”-countries. The solution that comes closest to a complete transfer is the grant of all exclusive usage rights to the licensee, leaving the author her moral rights that enable her to object to certain uses.

FOSS developers relatively often enter into so-called fiduciary license agreements or contribution agreements, according to which the grantee receives unlimited exclusive rights in the developer’s work. These kinds of agreements are used for avoiding copyright fragmentation; they serve to concentrate the rights, with one person or entity having the means to take care of licensing and copyright enforcement. In order to protect the FOSS principle, fiduciary license agreements often contain a clause linking the allegiance of the fiduciary to FOSS

⁴⁴THUM, in: Wandtke/Bullinger (ed.), UrhR, § 9 ref. 12; LOEWENHEIM, in: Schricker/Loewenheim (ed.), UrhR, § 9 ref. 6, § 4 ref. 21; DREIER, in: Dreier/Schulze (ed.), UrhR, § 4 ref. 5.

⁴⁵LOEWENHEIM, in: Schricker/Loewenheim (ed.), UrhR, § 4 ref. 25; DREIER, in: Dreier/Schulze (ed.), UrhG, § 4 ref. 4.

principles with the validity of the grant itself.⁴⁶ If, in contrast, the grantee has the right to license the work against license fees, the grantor is entitled to equitable remuneration (see UrhG, sec. 32), and the agreement should provide for a compensation clause.⁴⁷

Moral rights

Even though moral rights play a rather minor role in the software context, they may have some ramifications on the use of FOSS. Most importantly, from a practical perspective, authors are entitled to decide whether the work is to bear an author's designation and what designation is to be used (UrhG, sec. 13).

In addition, FOSS developers have a particular interest in maintaining a flawless reputation. Thus, they have a strong interest in fighting distortions of their works that may be detrimental to their standing, which argues for the application of UrhG, sec. 14, at least in some cases. However, it should be considered that software is by its nature normally subject to further developments, and that in addition many FOSS licenses require licensees to clearly indicate each modification made to the software.⁴⁸ Nevertheless, this does not totally exclude the possibility that authors rely in certain cases on UrhG, sec. 14.

But what if a license — such as the GNU General Public License⁴⁹ — stipulates that the licensor allows any kind of alteration to the software? The answer to this question lies in the general tendency of German copyright law to always protect a core of authors' moral interests. Thus a complete renouncement for the future, especially in so-called standard business terms,⁵⁰ is not possible. Consequently, in some more severe cases, developers will be able to enforce their moral rights against modifications of their software even if the applicable FOSS license seems to allow any kind of alterations, the infringing one included.

Enforcing FOSS licenses

Contractual relationships

Under German law, FOSS licenses are commonly seen as license agreements

⁴⁶See § 3 para 3 of the Fiduciary Licence Agreement (FLA) published by the Free Software Foundation Europe, available at <http://www.fsfe.org/projects/ftf/fla.en.html>. For an in-depth analysis of different forms of copyright transactions and of drafting options for contribution agreements see ENGELHARDT, Drafting Options for Contributor Agreements for Free and Open Source Software: Assignment, (Non)Exclusive Licence and Legal Consequences. A Comparative Analysis of German and US Law, 2013 scripted 148, available at <http://script-ed.org/?p=1061>

⁴⁷See “The right to equitable remuneration and the so-called ‘Linux clause’ section” above.

⁴⁸JAEGER/METZGER, OSS, ref.129; see also DREIER, in: Dreier/Schulze (ed.), UrhG, § 69a ref. 34.

⁴⁹Hereinafter referred to as ‘GPL’, its version number indicated by the addition of ‘v2’ or ‘v3’ respectively.

⁵⁰See the “Enforcing FOSS licenses” section below.

between the licensor and the licensee, and therefore as contracts.⁵¹ When receiving FOSS, however, in most cases the FOSS license agreement is not the only contractual relationship the receiving party enters into: normally, the distributor of the software will not be identical with the holder of the exclusive rights; hence, there will also be an agreement between the recipient of the software and the distributor handing her the software. In the following, we will focus on this case where right holders and distributors are not identical. It is crucial then to distinguish between these two basic relationships, as otherwise it is impossible to come to correct assessments of issues like liability and warranty. All issues relating to copyrights in the FOSS have to be determined under the FOSS license agreement. This covers first of all the question of what exploitation rights the user of the FOSS has, what conditions she must meet, and what the consequences of a breach of the license requirements are. Problems like the legal responsibility for the software itself have to be solved under the agreement between the supplier and the recipient of the software. The most important issue in this context is the legal responsibility for defects in the software. However, a lack of title can be a problem of the relationship between the distributor and the user, as well.

Finally, it should be noted that although we are dealing here with a triangle of relationships, so far only two sides of this triangle have been mentioned. The missing part is the relationship between the holder of the exclusive rights and the distributor. All problems concerning rights, warranties, and liability are governed by their specific agreements.

Validity of the contract

The mechanisms of the conclusion and validity of the contract between the supplier and the recipient of the software do not pose any specific problems. Therefore, the focus of the following analysis will be on the relationship between the holder of the exclusive FOSS rights and its licensee.

(1) Contract as offer and acceptance

Any contract is entered into by an offer from one party and the corresponding acceptance by the other. The German understanding is that the delivery of the license text of a FOSS license constitutes a valid offer.⁵² Any use of the software by the licensee requiring the grant of a right to her that exceeds the limits of the statutory permissions under UrhG, sec. 69d, can be construed as an implied acceptance.⁵³ Normally, however, the offeror needs to be notified of

⁵¹Contracts are defined as the declared agreement of two or more persons to achieve a certain legal effect. ELLENBERGER, in: Palandt, Bürgerliches Gesetzbuch, 74th ed., 2014, before §§ 145 ref. 1. Consideration is not a prerequisite for the classification as a contract.

⁵²And the necessity of having this offer explains why it is crucial that every FOSS distributor attaches a copy of the license text.

⁵³JAEGER/METZGER, OSS, ref. 177. If this were not seen as acceptance, the user would not obtain a license and would consequently infringe the copyrights in the software, if her use exceeded the boundaries of UrhG, sec. 69d.

the acceptance in order for a contract to come into existence; but according to sec. 151 sentence 1 of the German Civil Code,⁵⁴ a notification of the offeror is not required if such notification is not to be expected according to customary practice, or if the offeror has waived it. In case of the use of a FOSS license by the holder of the exclusive rights in a computer program, it is fair to say that both alternatives may apply: the right holder waives the notification requirement by relying on the FOSS license, and it is customary practice in these kinds of cases not to notify the right holder of the acceptance.⁵⁵

(2) The law on standard business terms

The particularities of German private law pose another problem as to the question of whether licensor and licensee validly agreed on the terms of a FOSS license that was included in the software delivery: FOSS licenses are not written for individual contracts but formulated for an indefinite number of contracts and presented by the licensor to the potential licensee with no chance for the latter to negotiate their terms. Thus, they are generally regarded as standard business terms,⁵⁶ which are governed by the restrictions of BGB, sec. 305 through 310. These provisions were introduced into the Civil Code with the purpose of protecting parties to whom standard business terms are presented. The first problem that arises from this fact is how a FOSS license in its quality as standard business terms becomes a part of a contract between both parties. How does the licensee take cognizance of the license (or at least of the fact that the software at hand is under a FOSS license)? And is it a problem that the license text is in English, a foreign language for most people living in Germany?

Pursuant to BGB, sec. 305 para 2, standard business terms “only become a part of a contract if the user, when entering into the contract, (1) refers the other party to the contract to them explicitly or, where explicit reference, due to the way in which the contract is entered into, is possible only with disproportionate difficulty, by posting a clearly visible notice at the place where the contract is entered into, and (2) gives the other party to the contract, in an acceptable manner, which also takes into reasonable account any physical handicap of the other party to the contract that is discernible to the user, the opportunity to take notice of their contents, and if the other party to the contract agrees to

⁵⁴Bürgerliches Gesetzbuch, hereinafter referred to either as “Civil Code” or by its common German acronym “BGB”, available in English at http://www.gesetze-im-internet.de/englisch_bgb/.

⁵⁵See LG Frankfurt, 2006 CR 729, 731; JAEGER/METZGER, OSS, ref. 177; METZGER/JAEGER, Open Source Software und deutsches Urheberrecht, 1999 GRUR Int. 839, 843, available in English at <http://www.ifross.org/publikation/open-source-software-and-german-copyright-law>; SCHULZ, Dezentrale Softwareentwicklungs- und Softwarevermarktungskonzepte, 2005, ref 563 f.; MARLY, Praxishandbuch Softwarerecht, 5th ed., 2009, ref. 925; but see with counter-arguments mainly relying on the law on standard business terms SPINDLER, in: Spindler (ed.), Rechtsfragen bei Open Source, 2004 (hereinafter referred to as “Open Source”), chapter C. ref. 49 ff.

⁵⁶LG Frankfurt, 2006 CR 729, 731; LG München I, 2004 MMR 693, 694; JAEGER/METZGER, OSS, ref. 179; MARLY, Praxishandbuch Softwarerecht, ref. 926.

their applying.”⁵⁷

In most cases of FOSS distribution, these requirements will not be fulfilled.⁵⁸ However, from a practical perspective, this is not a real problem. First, irrespective of the license being incorporated into a contractual relationship between the FOSS licensor and a licensee, the limitation of warranties and liability normally contained in FOSS licenses are in any case void.⁵⁹ Moreover, the mere use of a computer program is allowed pursuant to UrhG, sec. 69d, without the necessity for the parties to enter into a license agreement.⁶⁰ Hence, in most cases of using a FOSS program, there is no need for a license agreement at all. Only if someone desires to make further-reaching use of the software than allowed by UrhG, sec. 69d would one need to obtain a license. In such a case, it would be self-contradictory to assert on the one hand rights that can only be granted through a license agreement, and to claim on the other hand that this license is void (*venire contra factum proprium*).

Therefore, one can presume that someone who distributes, modifies, or reproduces FOSS has taken cognizance of the applicable license and has accepted its terms.⁶¹

The same reasoning applies *mutatis mutandis* to the issue of the license language: asserting on the one hand that the license is void because of its language but relying at the same time on the rights granted thereunder would be self-contradictory. In addition, the FOSS license forms the entire contractual relationship between licensor and licensee, including the language of the initial offer to enter into an agreement. In such a case — the language of the negotiations between the parties being not German — the incorporation of non-German standard business terms is possible and valid.⁶²

(3) Waiver of warranty and liability

As briefly mentioned before, the common warranty and liability waivers contained in FOSS licenses go far beyond what is permitted in standard business terms, whether in agreements with consumers or in pure business matters.⁶³

⁵⁷Translation available at http://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.html#BGBengl_000P305.

⁵⁸A typical exception can be a software download where it is possible to condition the download on the express consent with the license text.

⁵⁹METZGER, in: ifrOSS (ed.), Die GPL kommentiert und erklärt, Ziffern 11, 12, ref. 6, available at http://www.ifross.org/en/Druckfassung/Die_GPL_kommentiert_und_erklaert.pdf; JAEGER/METZGER, OSS, ref. 219 ff.

⁶⁰JAEGER/METZGER, OSS, ref. 180; see the section on “Exceptions to exclusive rights” above.

⁶¹JAEGER/METZGER, OSS, ref. 180, 182; see also SCHULZ, Dezentrale Softwareentwicklungs- und Softwarevermarktungskonzepte, 2005, ref 683 ff., with a detailed discussion of further arguments.

⁶²JAEGER/METZGER, OSS, ref. 181; see BGH, 1983 NJW 1489.

⁶³JAEGER/METZGER, OSS, ref. 220 f.; SPINDLER, in: Spindler (ed.), Open Source, C. ref. 14 ff., 22; METZGER, in: ifrOSS (ed.), GPL kommentiert, Ziffern 11, 12 ref. 6, available at http://www.ifross.org/en/Druckfassung/Die_GPL_kommentiert_und_erklaert.pdf. Besides the conflict with the rules on standard business terms, the exclusion of any

Consequently they are considered void.

(4) Antitrust law

The compliance of FOSS copyleft licenses with competition law is another issue worth mentioning. One could argue that such licenses are in conflict with the prohibition of price fixing as they force licensees to give away modified works for free - that is at a fixed price. However, the prevailing view in Germany is — with differing reasons — that the obligation to distribute derivative works for free cannot be regarded as price-fixing.⁶⁴

Moreover, users of FOSS could not gain very much from claiming that the relevant license is void. They need a license in order to be able to make use of the software, at least if the use exceeds the boundaries of UrhG, sec. 69d. If a court declares the FOSS license void or not applicable, they would still not obtain a license and would thus not be entitled to the use of the desired software.⁶⁵ They can either receive the required rights through the FOSS license, or they will have no rights at all.

Violation of license conditions

Whether the violation of a license agreement is merely a breach of contract or also constitutes a copyright infringement, is a standard problem known from many intellectual property cases. Many FOSS licenses address this issue by including an express provision on the effects of violating the license terms. Sec. 4 of the GPLv2, for instance, states clearly that any failure to comply with the conditions of the GPLv2 will automatically terminate the license. German courts had no problem with aligning this with the basic principles of German private and copyright law. From the very first case, the courts followed the prevailing academic opinion and interpreted this as a condition subsequent, pursuant to BGB, sec. 158 para 2.⁶⁶ Consequently, it is generally accepted that violations of FOSS licenses which include express conditions on the grant of rights constitute copyright infringements and not merely a breach of contract. It should be noted that an infringer beginning to comply with the FOSS license conditions cannot “heal” the past infringement; the “old” license is not reinstated in such a case, but she enters into a new license agreement with the FOSS licensor.

liability, including for intentional acts, is declared non-effective by BGB sec. 276 para 3 even for individual contracts.

⁶⁴See JAEGER/METZGER, OSS, ref. 334; HEATH, in: Spindler (ed.), Open Source, G. ref. 9 ff.; KOCH, Urheber- und kartellrechtliche Aspekte der Nutzung von Open-Source-Software, 2000 CR, 333, 343 f.; crit. CZYCHOWSKI, in: Fromm/Nordemann (ed.), UrhR, after § 69c ref. 21 ff. See further the remarks on the cases *Welte v. D-Link* and *Welte v. Skype* in the case overview below.

⁶⁵LG Frankfurt, 2006 CR 729, 731; see also LG München I, 1994 MMR 693, 695.

⁶⁶LG München I, 2004 MMR 693, 695; DREIER, in: Dreier/Schulze (ed.), UrhG, § 69c ref. 38; SPINDLER, in: Spindler (ed.), Open Source, C. ref. 35 ff.; JAEGER, in: ifrOSS (ed.), Die GPL kommentiert und erklärt, Ziffer 4, ref. 11 ff., available at http://www.ifross.org/en/Druckfassung/Die_GPL_kommentiert_und_erklaert.pdf.

Waiver and liability

As mentioned above, the complete waiver of any warranty and liability commonly used in FOSS licenses conflicts with general principles of German private law and is void. But what is the impact of the ineffectiveness of these provisions? The starting point for finding an answer to this question is evident: the statutory law on warranties and liability applies. But what exactly does this mean?

In order to carry out a correct analysis of this problem, one has to clearly distinguish between the contractual relationships among the parties involved.

Relationship distributor — user

As far as the relationship between distributor and user is concerned, the ineffectiveness of the waivers has no importance, as they would apply only to the relationship between the holder of the exclusive rights in the software and her licensee. What is the distributor's liability then? The answer to this question depends on several factors. In cases where the distributor and the user do not enter into a specific agreement on warranties and liability, the most important question is whether the distributor gives away the software completely for free or whether payments for handing out the software are involved (for instance, “for the physical act of transferring a copy,”⁶⁷ or if the software is offered in a package with support services⁶⁸). In the first case, the provisions of the law on donations apply, thereby considerably limiting the distributor's liability. According to BGB, sec. 524 para 1, the sole liability a donor bears is that she has to pay damages to her contractual partner if she fraudulently concealed a defect of quality.⁶⁹ Thus, the distributor must advise her customers of bugs she knows about. Defects of title are dealt with in BGB, sec. 523 para 1, in exactly the same way. A distributor would be liable, for example, for damages caused by her passing the software off as open source software against her better knowledge.

The liability for damaging events that do not affect the equivalence of the contractual primary obligations but impair the value of the donee's property in general (that is, not the donated software itself) is governed by BGB, sec. 521, according to which the donor's liability is restricted to acts of intent and gross negligence.

If, on the other hand, the distributor gives away the software while she receives payments from her customers, the privileges for donors that German private law provides for do not necessarily apply. It is impossible to find a general rule precisely stipulating when, in cases of contracts containing a mix of paid and unpaid duties, the whole contract must be considered non-gratuitous. The

⁶⁷As in sec. 1 para 2 of the GPLv2.

⁶⁸See sec. 4 para 2 of the GPLv3.

⁶⁹See JAEGER/METZGER, OSS, ref. 222; METZGER/JAEGER, Open Source Software and Copyright Law, 2001 IIC 52, 71 f.

general tendency appears to rather assume that this kind of agreement is for remuneration. In this case, much stricter rules on liabilities and warranties — the law of the sale of goods — apply. Thus, according to BGB, sec. 439, the recipient of the software may demand supplementary performance from the distributor if the software received is defective as to its quality. If she fails to remedy the defect within a reasonable time, the recipient may terminate the contract, reduce the compensation, claim damages, or demand reimbursement for her wasted expenditures.⁷⁰ This does not differ at all from the rights a recipient has against a distributor of proprietary software.

If, on the other hand, the distributor and the user have come to a valid agreement concerning the former's warranties and liability, the terms of this agreement replace the above provisions.⁷¹

Relationship right holder — user

As to the relationship between the holder of the exclusive rights and the licensee, the following mechanism applies: There is no contractual responsibility for any defects of quality of the software itself. The right holder does not deliver (in the situation discussed herein) the software itself but only grants the rights on this software.⁷² Thus, her responsibility only covers the lack of title. As the grant of rights is gratuitous, it is governed by the principles of the law of donations. Hence, the responsibility of the rights owner is, according to BGB, sec. 523, limited to cases where she fraudulently conceals the existence of third-party rights.⁷³

However, it should be noted that in a case where the licensor is situated in a country other than Germany, the laws of that country will most probably apply (see art. 4 para 2 of the so-called Rome I regulation⁷⁴).

Product liability

Apart from the contractual liability explained above, software developers and distributors can also be subject to the principles of product liability as set forth in the German Product Liability Act⁷⁵. This act provides for direct damages claims against the producer of a product if the product is defective, and the

⁷⁰The two claims listed last require that the distributor acted at least negligently.

⁷¹See sec. 1 para 2 of the GPLv2 which expressly allows licensees to provide their own warranties.

⁷²But note that the rights holder might still be liable under product liability laws, see below.

⁷³METZGER, in: ifrOSS (ed.), *Die GPL kommentiert und erklärt*, Ziffern 11, 12, ref. 26, available at http://www.ifross.org/en/Druckfassung/Die_GPL_kommentiert_und_erklaert.pdf.

⁷⁴Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ of 4.7.2008, L 177/6, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:177:0006:01:en:HTML>.

⁷⁵Gesetz über die Haftung für fehlerhafte Produkte (Produkthaftungsgesetz — ProdHaftG) of 15.12.1989 (BGBl. I 2198).

defect causes the death or bodily injury of someone, or damages a thing other than the defective product itself that is used for private purposes (sec. 1 para 1). Claims for financial loss are not covered by the German Product Liability Act. Defects are defined in terms of the lack of safety the product provides (sec. 3), which deviates significantly from general private law.

Whether or not product liability applies depends on whether the developer or distributor are “producers”, as defined by sec. 4 of the Product Liability Act. According to this provision, a producer is the person or entity who has made the product, who uses a distinctive sign giving the impression that she is the maker of the product, or who imports the product into the European Economic Area in order to distribute it for commercial purposes. Hence, both developers and distributors of FOSS can in principle be regarded as producers in terms of the Product Liability Act. However, pursuant to sec. 1 para 2 no. 3, the liability under this act is excluded if the respective product was neither made for sale or any other form of commercial distribution, nor made or distributed as part of the professional activities of the producer.

Claims under the Product Liability Act may not be waived or limited in advance; any agreements to the contrary effect are void.

Torts

Finally, producers and distributors of FOSS may also be liable under the general law of torts (BGB, sec. 823 ff.). Liability under sec. 823 para 1 of the Civil Code — the fundamental torts provision — requires that the tortfeasor at least acted negligently. In this context, it is important that according to the Federal Court of Justice, the liability limitations of the law on donations under BGB, sec. 521 (liability only for intent and gross negligence) also apply to the law of torts, as long as a parallel donor-donee relationship existed between both sides.⁷⁶

Moreover, BGB, sec. 823 para 1 also requires that a so-called absolute right was infringed. Such rights include life, body, health, freedom, and property. Most likely, tort claims from the delivery of defective FOSS will arise because of damages to property and bodily injuries.⁷⁷

The copyleft principle

Principle

A common feature of many FOSS licenses is the “copyleft” principle. This term means that any licensee is obligated to put derivative works that she creates based on the licensor’s work under the same license obligations as the original work if she distributes the derivative work.

⁷⁶93 BGHZ 23, 29.

⁷⁷JAEGER/METZGER, OSS, ref. 233.

Validity

As clear and simple as this principle appears, it is very difficult in its practical application. The main issue is how to define what constitutes a derivative work or — in copyright terms — what UrhG, sec. 69c no. 2 means by “adaptation, arrangement and any other alteration of a computer program.” The answer to this question is particularly important for cases where the code of the original work is not itself modified, but where the original program is combined with other programs or program components. There is no case law on this problem,⁷⁸ and literature dealing with this issue is scarce. One proposal brought forward in the literature with regard to the implementation of the Software Directive is to apply the rather formal criteria of whether or not the new software uses an interface to communicate with the original one.⁷⁹

Even though the question of what constitutes an adaptation or alteration of a computer program thus remains largely open, it is fair to say that the copyleft principle as such is valid under German law; right holders are allowed to make their grants subject to the compliance with certain requirements.

In the same context, a further issue should be mentioned. Existing copyleft licenses provide for various wordings and can consequently be different in their scope. This can, at least in theory, be a legal issue if a copyleft obligation is put on the recipient of the software even for cases where copyright law does not require her to obtain a license for moving forward with her own programming. For most copyleft licenses, this is not a real issue, however.⁸⁰ On the other hand, sec. 2 of the GPLv2 could be interpreted in such a way that its definition of the term “derivative work” goes beyond what is covered by UrhG, sec. 69c no. 2 (the exclusive right to alter the software), when it states that even independent sections that are distributed as part of a whole have to be licensed under the GPLv2 if one of them is GPLv2 software. Nevertheless, this does not necessarily mean that this GPL provision goes any further than what German copyright law requires. The reason is that not only the alteration of a work but also the distribution of several works as compound works under UrhG, sec. 9 requires each right holder’s consent.⁸¹ However, the impact of sec. 2 of the GPLv2 on cases where one could neither argue that the program at hand was altered nor that a compound work was created (if this is possible at all) depends on the circumstances of the concrete situation.

⁷⁸The Federal Court of Justice, for instance, left the question unanswered in the important Programmfehlerbeseitigung decision, BGH, 2000 GRUR 866, 868.

⁷⁹JAEGER, Kommerzielle Applikationen für Open Source Software und deutsches Urheberrecht, in: Hoffmann/Leible (ed.), Vernetztes Rechnen — Softwarepatente — Web 2.0, 2008, p. 61, 74 f., available at http://www.ifross.de/ifross_html/HoffmannLeible_Beitrag%20Jaeger.pdf, but with two reservations: if the licensee herself creates the interface in the original program, and if modifications of the original work are necessary to enable the new module to work with the original program.

⁸⁰See in more detail id., p. 77.

⁸¹Id., p. 77.

Claims against infringing acts. Damages

Practical experience has shown that the GPLv2 can be enforced in Germany without major difficulties.⁸²

Under German law, copyright infringements can trigger a number of statutory claims, the most important one being the right to compel the infringer to refrain from further infringing acts. Such a claim requires that there is the danger that the infringer commits further infringing acts, which normally is presumed on the basis of the pre-infringement.⁸³ In contrast, it is not required that the infringer acts intentionally or at least negligently.

Moreover, the right holder may also require the infringer to abolish anything interfering with the right holder's rights.

An infringed party may also bring forward a claim for destruction or surrender of unlawfully manufactured or distributed copies or of all copies intended for unlawful distribution (UrhG, sec. 69f para 1).⁸⁴

Furthermore, UrhG, sec. 101 stipulates that any injured party may require from any person who infringes on her copyright in the course of business to give information as to the origin and distribution channels of such copies.

Finally, UrhG, sec. 97 para 1 sentence 1, 3rd case provides for claims for damages. In contrast to cease and desist claims, damages claims require fault on the part of the infringer. Hence, the infringer must have caused the infringement intentionally or at least negligently. It is sufficient if the infringer could have known and should have known that she is infringing on someone else's copyright.⁸⁵ German courts tend to be rather strict (for instance, requiring that a software distributor control the license chain) and will in most cases assume that an infringer acted at least negligently.

Three ways of determining the amount of damages are established: the actual damages including lost profits; payment of the equivalent of an appropriate license fee; or an account of profits. The infringed right holder has a choice among these three methods.

In cases of dual licensing, it is a reasonable option to choose the second method of damage calculation because in such cases the infringed party is able to prove how much she would normally charge licensees for exploitation rights in the software. In other cases, it is more advisable for FOSS owners to claim an account of profits. However, this option is also potentially problematic if the infringed party holds only rights to a derived work.⁸⁶

⁸²See below section_title.

⁸³For further details see the section below on "Courses of action".

⁸⁴See also the section on "Special measures" above.

⁸⁵WILD, in: Schricker/Loewenheim (ed.), UrhR, § 97 ref. 138.

⁸⁶See below the case FreeAdhocUDF, LG Bochum, judgment of 20 January 2011, ref. I-8 O 293/09, in parts available in German at <http://www.telemedicus.info/urteile/Urheberrecht/Open-Source/1148-LG-Bochum-Az-I-8-O-29309-Ansprueche-bei-Verletzung->

An interesting feature of the law on damages can be found in UrhG, sec. 97 para 2. Under this provision, right owners can ask for indemnification for immaterial damages that is, the infringement of moral rights. One example might be the distribution of a computer program without naming the author. Another possibility would be that someone who is not the true author poses as such. However, indemnifications for the violation of moral rights are in practice rather rare and come into consideration mostly in very serious cases.

Legal procedures

Standing to sue

The first issue that must be dealt with regarding procedural law is the question of who is entitled to sue. In most FOSS cases there is not only one right owner in the infringed program, because most software in general, and FOSS in particular, is the product of collaboration between many developers and later further development by others. As described above, rights in FOSS can be owned by joint authors, by original authors, by authors of derivative works, and by authors of compound works. Who in these cases is in a position to enforce the copyrights in the computer program?

Joint authors

According to UrhG, sec. 8 para 2 sentence 3, each joint author of a work may enforce the exclusive rights in this work. However, she may demand payment only on behalf of all joint authors. In other words, she may go to court and ask for a decision that compels the infringer to refrain from the infringing acts, but she must ask for the payment of damages for the benefit of every joint author. Thus, when filing her action, she has to name every co-author of the work whose rights were infringed upon.⁸⁷ The size and diversity of developer communities involved in the development of computer programs can make this an extremely difficult task. However, the prerequisite of following a common idea when creating a program in order to justify the classification as joint authors limits quite significantly the number of developers who have to be considered; as a consequence, it is in most cases not impossible to prepare an exhaustive list of all joint authors.

Compound works

For compound works, the Copyright Act does not contain a provision similar to sec. 8 para 2 sentence 3. The most reasonable rule one could apply should be to let each author enforce the rights in her own creation.

Derivative works

der-LGPL.html.

⁸⁷However, it is not required that all authors become a party to the action itself.

As described above, the situation is different for derivative works. Both the creator of the original work and the author of the derived work hold by law a full right in their respective work. Both are therefore entitled to institute proceedings against any infringer on their rights. However, the derivative work's author may not create or exploit any derivative works without the original author's consent.

This being said, German doctrine applies UrhG, sec. 8 para 2 sentence 3 by analogy to certain situations involving derivative works. The creator of the derivative work is hence permitted to ask for injunctive relief against any acts infringing on the work, even if the part concerned was not created by her but the original author. On the other hand, she may ask for damages only insofar as the part of the work she created herself is concerned.⁸⁸ This can lead to severe, almost insurmountable problems regarding the calculation of the damages.

Courses of action

If right holders wish to receive injunctive relief from a court, German law requires them to first institute out-of-court-proceedings: Right holders must first contact the infringers directly, demand that they cease and desist from the infringing acts, and enter into a cease and desist agreement with a sufficient contractual penalty for every case of violating the agreement. Sec. 97a of the Copyright Act only uses the verb "should", thereby leaving it up to the infringed person to decide whether she wants to deal with the matter out of court first. However, if the right holder starts direct court action, she risks having to bear all the costs of the court proceedings, including those of the infringer, if the infringer immediately acknowledges in court the claims brought forward against her.⁸⁹ This explains why, in practice, injured parties will almost always first send out a cease and desist letter. Moreover, it is important to know that the infringer is obligated to reimburse the infringed party for all necessary costs she incurred for the enforcement of her rights, including the statutory legal fees incurred for an attorney sending a formal cease and desist letter (UrhG, sec. 97a para 3 sentence 1).

As mentioned above, injunctive relief can only be sought if there is a danger that the infringer will repeat the infringing acts in the future. German courts interpret the previous commission of certain infringing acts as the basis for a presumption in favor of the existence of such danger. This presumption can only be overcome out of court by entering into the afore-mentioned cease and desist agreement that includes the enforceable promise to pay a contractual penalty for any future infringing acts of the same nature. Thus, if the infringer issues such a declaration, any filing for injunctive relief in the same matter will have no success. If, however, the infringer refuses to sign a sufficient declaration to

⁸⁸JAEGER/METZGER, OSS, ref. 167.

⁸⁹According to sec. 93 of the German Civil Procedure Code, the defendant can acknowledge the rights of the plaintiff and does not have to bear the costs of the action provided that she has not given reason to sue.

cease and desist, the infringed party may seek injunctive relief.

The right holder has two options for such court actions: filing for a preliminary injunction or instituting the main proceedings. In IP matters, it is common to ask for a preliminary injunction, as this is a fast and relatively cheap way to get help from a court.⁹⁰ However, preliminary injunctions require that the matter be urgent. Even though there is no strict rule as to when a matter is considered urgent, most courts usually refuse to issue a preliminary injunction if the infringed party has waited for more than one, at most two months after learning about the infringement before going to court. A preliminary injunction, if granted without prior hearing,⁹¹ is normally issued within a few days after the request was submitted to the court.⁹² The main proceedings, in contrast, can take from a few months up to considerably more than a year, and that does not even take into account the first right of appeal. After the issuance of a preliminary injunction, the defendant often signs a formal declaration that the matter shall be fully resolved with this injunction with the effect that no further court action against her in this matter would be admissible.⁹³

As to the costs involved in litigation, it is important to know that under German law, the losing party is obligated to reimburse the prevailing one for its reasonable expenses according to the statutory scales of attorney's and court fees.⁹⁴ Moreover, when filing a complaint with a court, the plaintiff has to pay the court fees in advance; for preliminary injunctions this is not required, however. The expenses that are subject of reimbursement claims are determined according to a statutory scale of attorney's and court fees and depend on the value in dispute. In FOSS cases the courts have so far assumed values in dispute between EUR 100,000 and EUR 250,000. On this basis, the financial risk a party bears for the case of loss in one instance ranges from roughly EUR 9,000 to EUR 12,000 if no oral hearing is involved (as often in preliminary injunction cases), and from EUR 12,000 to EUR 21,000 if an oral hearing takes place.

FOSS cases in Germany

As FOSS is a relatively recent phenomenon, case law is still limited internationally. In some landmark decisions, however, German courts left no room for any

⁹⁰It should be noted that the defendant can ask the court in the preliminary proceedings to require the plaintiff to file for a regular action. If the plaintiff does not follow this order, or if the main proceedings show that the defendant had not infringed on the plaintiff's rights, the preliminary injunction is annulled.

⁹¹In which case the order issued does not contain a written explanation of the reasons the court built its decision on.

⁹²The opponent can file an objection to have the case remanded. If the applicant has provided the court with incorrect facts in order to obtain a preliminary injunction, she risks being ordered to pay damages according to sec. 945 ZPO (Zivilprozessordnung — Code of Civil Procedure).

⁹³Called the *Abschluss schreiben* (conclusion letter) and *Abschluss erklärung* (conclusion declaration). The defendant in particular must make the legally binding promise to refrain from appealing the decision in any way.

⁹⁴See <http://www.gesetze-im-internet.de/rvg/>.

doubts that FOSS licenses are enforceable. As a consequence, most cases where FOSS right holders start proceedings against infringers are resolved before even entering the court stage.⁹⁵

Welte v. Sitecom

In 2004 the first case dealing with the violation of a FOSS license was brought before a German court;⁹⁶ the District Court of Munich I (Landgericht München I) was asked by the right owner of an infringed software program to grant a preliminary injunction to safeguard his interests. The factual core of the matter was that the producer and distributor of a W-LAN router distributed this router and made available its firmware containing certain Linux kernel programs, which are licensed under the GPLv2, without accompanying it with the GPLv2 text and the complete corresponding source code or a written offer to provide the source code on request as required by sec. 1 and 3 of the GPLv2.

The court had to address a couple of important issues: What is the general quality of the GPLv2? Was the GPLv2 validly entered into between the parties? Was it conflicting with the law on standard business terms and, if yes, with what consequences? What are the consequences of a GPLv2 violation: Is it a mere breach of contract, or does it constitute a copyright infringement?

The first important statement the court made was that the use of the GPLv2 did not mean that the right holders had waived any of their copyrights: instead, they had used the means of copyright in order to ensure that their work was used, distributed, and further developed according to their ideas and plans.⁹⁷

The court also held that the GPLv2 constituted standard business terms as governed by BGB, sec. 305 ff. The court found that they had become part of the agreement between the plaintiff as the right holder and the defendant. The court dedicated the most extensive analysis to the discussion of sec. 4 of the GPLv2, which stipulates that any violation of the license's conditions terminates the grant of rights set out in the agreement. The court held that this provision did not place the licensee at an unreasonable disadvantage and was therefore not in conflict with BGB, sec. 307.⁹⁸ Sec. 4 of the GPLv2 constituted a valid condition subsequent, pursuant to BGB, sec. 158 para 2. Consequently, any breach of the license conditions led to the loss of the rights a licensee had received, thereby causing any license violation to be at the same time also an infringement of the

⁹⁵JAEGER, Enforcement of the GNU GPL in Germany and Europe, 1 (2010) JIP-ITEC 34, para. 15, available at <http://www.jipitec.eu/issues/jipitec-1-1-2010/2419/dippadm1268746871.43.pdf>.

⁹⁶LG München I, 2004 MMR 693; available at http://www.jbb.de/fileadmin/download/urteil_lg_muenchen_gpl.pdf and as an English translation at http://www.jbb.de/fileadmin/download/judgment_dc_munich_gpl.pdf. See HÖPPNER, The GPL prevails: An analysis of the first-ever Court decision on the validity and effectivity of the GPL, available at <http://www.law.ed.ac.uk/ahrc/script-ed/issue4/GPL-case.asp>.

⁹⁷LG München 2004 MMR 693, 694, http://www.jbb.de/fileadmin/download/judgment_dc_munich_gpl.pdf.

⁹⁸Id., at 695.

licensor's copyrights.⁹⁹ Finally, even if one assumed that sec. 4 GPLv2 went beyond the boundaries of what BGB, sec. 307 allowed, the defendant would have infringed on the plaintiff's exclusive rights: In this case, no license at all would have been granted to the former with the consequence that also in this case they would have infringed on the latter's copyrights.¹⁰⁰

The preliminary injunction was granted and accepted by the defendant.

Welte v. D-Link

The fundamental holdings of the *Sitecom* case were reaffirmed in 2006 by the District Court of Frankfurt/Main (Landgericht Frankfurt/Main), which was asked by the plaintiff, this time in main proceedings, to order the defendant to reimburse the plaintiff for the enforcement costs incurred and to provide him with information about the distribution of the infringing products.¹⁰¹ The facts the court had to decide about were the following: A subsidiary of a Taiwanese consumer electronics producer distributed a network media storage device whose firmware contained the Linux kernel. However, the device was distributed without GPLv2 license text or warranty waiver and without releasing the complete corresponding source code. The plaintiff held the exclusive rights in three of the Linux kernel programs and had sent the defendant a warning letter demanding a sufficient cease and desist declaration. The defendant had done accordingly, but refused to reimburse the plaintiff for the expenses he had incurred for the enforcement of his rights (test purchase, software engineering costs, attorney's fees) and to disclose information concerning the distribution channels of the infringing products. In order to assess the plaintiff's claims, the court had to enter into an in-depth analysis of GPL-related issues similar to those discussed in the *Sitecom* case.

In this case, the court emphasized once again that the use of the GPLv2 could not be interpreted as a waiver of any rights the holder of the exclusive rights was awarded by law. It confirmed the classification of the GPLv2 as standard business terms and held that sec. 4 of the license provided for a condition subsequent, making every license violation a copyright infringement.¹⁰² Besides the issue of exhaustion¹⁰³ — the court justly found that the plaintiff's rights were not exhausted, as the copies had not been lawfully put on the market¹⁰⁴ — it also raised the question whether the GPLv2 conflicted with antitrust law, in particular with the prohibition of price fixing and of fixing the conditions of the contracts the co-contractor enters into with her customers. The court argued that the question did not need to be answered, as either answer would have no

⁹⁹Id., at 694 f.

¹⁰⁰Id., at 695.

¹⁰¹LG Frankfurt, 2006 CR 729; available at http://www.jbb.de/fileadmin/download/urteil_lg_frankfurt_gpl.pdf and http://www.jbb.de/fileadmin/download/judgment_dc_frankfurt_gpl.pdf (English translation).

¹⁰²LG Frankfurt, 2006 CR 729, 731.

¹⁰³See art. 4 para 2 of the Software Directive.

¹⁰⁴LG Frankfurt, 2006 CR 729, 732.

effect on the assessment of the legal situation regarding the defendant's acts. The defendant would in any event have needed to be granted a license; a finding of a violation of antitrust law, however, would not have this effect, as it would only void the GPLv2 itself, without providing any exploitation rights in the programs used.¹⁰⁵

Welte v. Skype

Another GPLv2 case clarified the question of whether it was sufficient to simply present a link to a website in order to provide the license text and the source code if the software was distributed offline and not online.¹⁰⁶ The facts were the following: The defendant's (Skype Technologies SA) website had served as a platform for offering not only voice over IP (VOIP) software but also VOIP hardware of different kinds. Several producers and distributors used it as a marketing means. One of the devices, a VOIP phone by SMC Networks, contained firmware with the Linux kernel, but was delivered without the license text of the GPLv2 and without the source code or an offer to provide the source code on request. The plaintiff first sent a cease and desist letter to SMC Networks, whereupon the latter began to put a leaflet in the phone packages that informed customers about the possibility to access both the terms of the GPL or GNU Lesser General Public License (LGPL) and the source code on their website. They did not sign a cease and desist declaration. The plaintiff sent another warning letter to the owner of the website where the phones were offered (Skype Technologies SA). Skype itself also did not sign a sufficient declaration to refrain from assisting in the distribution of the phone as long as the distribution was not in compliance with the GPLv2. The plaintiff filed for a preliminary injunction with the District Court of Munich I (Landgericht München I).

The court confirmed that both SMC Networks and Skype had originally infringed on the plaintiff's copyright, Skype's liability being based on the concept of contributory liability. However, the analysis did not stop there. The question the court faced now was whether SMC Networks had entered into a valid license agreement under the GPLv2 with the plaintiff by continuing the distribution of the VOIP phone with the aforementioned leaflet added to the packages they sent to their customers.¹⁰⁷ In other words: Was it compliant with sec. 1 and 3 of the GPLv2 to simply indicate a website where people could find both the license text and the source code? The court's answer was in the negative. It based its conclusion on the wording of both license provisions, which require giving any recipient of the program a copy of the license text "along with the Program" and "accompany" the program with its corresponding source code or a written offer for its delivery. The court held that this clearly showed that in cases of a program's offline distribution, GPL compliance could only be achieved if copies

¹⁰⁵LG Frankfurt, 2006 CR 729, 732.

¹⁰⁶LG München I, 2008 CR 57; available at <http://www.ifross.org/Fremdartikel/LGMuenchenUrteil.pdf>.

¹⁰⁷The reasoning being that if SMC Networks were permitted to distribute the product, there would not have been room for contributory liability of Skype.

of the license text and the source code (or a written offer) were delivered to the recipients in the distributed packages themselves.

It should be noted that the defendant appealed the decision mainly for alleged violation of antitrust law.¹⁰⁸ However, the defendant withdrew the appeal after the Munich Court of Appeals (Oberlandesgericht München) expressed in the hearing its clear intention to uphold the District Court’s decision, arguing that even in the unlikely case that the GPLv2 would violate antitrust provisions, such a violation would not result in releasing a licensee of GPLv2 software from observing the conditions of the GPLv2.

FreeAdhocUDF (WISO Mein Büro 2009)

A recent judgment rendered by the District Court of Bochum (Landgericht Bochum) dealt among other issues with whether the violation of the conditions of a FOSS license — in this case, the GNU Lesser General Public License, version 3 — could trigger claims for damages.¹⁰⁹ The question arose in the context of an action for disclosure of information on sales figures regarding the software at issue that had been filed in order to prepare an action for damages.

The court didn’t show any doubts that LGPLv3 violations could give rise to claims for damages. Otherwise, the court argued, authors of free software would practically not be protected against infringements of their rights. The court found that the damages could be assessed by way of a license analogy. However, as the damages issue arose only as part of its analysis of the merits of the information claim, the court did not discuss how a license analogy could be calculated for software under a FOSS license. Also, the court did not consider other ways of determining the damages to be paid (actual damages and skimming of profits), as the plaintiff had exclusively relied on the license analogy.

The parties settled the matter in 2012, agreeing on a payment of EUR 15,000 as compensation for the damages suffered.

AVM v. Cybits

In 2011 the District Court of Berlin (Landgericht Berlin) published a decision that touched upon more complex questions regarding software copyright and open source licensing.¹¹⁰ The decision was the end point of a case that had gone through two instances in preliminary proceedings before reaching the district court in the main proceedings. For the sake of clarity, the focus here shall be on the final decision of the District Court.

¹⁰⁸To date, it remained the only GPL case in Germany that was appealed, JAEGER, Enforcement of the GNU GPL in Germany and Europe, 1 (2010) JIPITEC 34, para. 22.

¹⁰⁹LG Bochum, judgment of 20 January 2011, ref. I-8 O 293/09, in parts available in German at <http://www.telemedicus.info/urteile/Urheberrecht/Open-Source/1148-LG-Bochum-Az-I-8-O-29309-Ansprueche-bei-Verletzung-der-LGPL.html>.

¹¹⁰LG Berlin, 2012 CR 152, available at <http://www.ifross.org/en/publikation/lg-berlin-az-16-o-25510>.

The plaintiff in the matter was AVM Computersysteme Vertriebs GmbH (AVM), the biggest German producer and distributor of DSL routers. AVM's routers, called "Fritz!Box" used a firmware built around the Linux kernel. The defendant was Cybits AG (Cybits), a company that distributed software called "SurfSitter" which consumers could use for modifying the kernel parts of the Fritz!Box firmware in order to achieve a certain degree of control over their children's surfing behavior. AVM's goal when instituting the court proceedings was to enjoin Cybits from the distribution of SurfSitter.¹¹¹ Apparently, no firmware programs developed by AVM itself were changed by SurfSitter.

The court denied AVM's copyright claims and ruled that the defendant was allowed to distribute software consumers may use for changing the firmware of the plaintiff's products. However, the court upheld an auxiliary claim raised by AVM (which was based on unfair competition law) and banned Cybits from distributing SurfSitter where the use of the software caused the Fritz!Box web interface to display a wrong status of the Internet connection and web-filtering software.

The court based its ruling on considerations that were not always entirely clear but seem to come down to the following:

The court considered the firmware a collective work/compilation of several programs, including the kernel programs. Therefore, the entire collective work/compilation fell within the scope of the GPLv2. Consequently, the plaintiff was barred from relying on the firmware as a whole as a basis for its copyright claims ("Danach stehen der Klägerin an der Firmware als Ganzes ... keine urheberrechtlichen Unterlassungsansprüche zu", which could be translated as "The plaintiff has no copyrights in the firmware as a whole enabling AVM to ask for injunctive relief."). The ruling has come under heavy fire, in particular because of its nebulous language possibly suggesting that collective works/compilations with pre-existing GPLv2-licensed components must always be licensed in their entirety under the GPLv2: Rather than providing for such far-reaching consequences, section 2 of the GPLv2 merely prohibits the holder of rights in the collective work/compilation from compromising any of the users' freedoms to use, copy, distribute, or modify the pre-existing GPLv2-components.¹¹²

However, according to the court, distributing SurfSitter constituted an act of unfair competition, insofar as causing the routers to display wrong status messages may confuse the user, which could be detrimental to AVM's reputation as the producer of the Fritz!Box.

¹¹¹More on the facts of the case can be found at <https://fsfe.org/news/2011/news-20111110-01.en.html> and <https://fsfe.org/news/2011/news-20111201-02.en.html>.

¹¹²KREUTZER, 2012 CR 145-152

Welte v. Fantec

Most recently, the District Court of Hamburg added a few new aspects to the picture. Fantec, a German company selling various consumer electronic devices under its Fantec brand, had entered into a cease and desist agreement with the holder of the exclusive rights in the software Netfilter/iptables, which is licensed under the GPLv2. According to that agreement, Fantec promised that it would not make available to the public the software Netfilter/iptables without being compliant with the conditions of the GPLv2.¹¹³ One of these conditions was that Netfilter/iptables could only be made available to the public in binary form if the “complete corresponding source code” could be accessed from the same place, or a written offer was made to hand out that source code on request. For each case of breaching that obligation, Fantec agreed to pay a contractual penalty.

Two years later, Fantec was caught distributing a media player with a Linux-based operating system that included Netfilter/iptables. It also made the binaries of the firmware available for download. However, the source code that could also be downloaded from Fantec’s website did not contain Netfilter/iptables. Moreover, the source code offered was clearly older than the source used for compilation. When Fantec received a new cease and desist letter from the right holder, Fantec signed a new cease and desist declaration but refused to pay (1) the contractual penalty due under the old cease and desist agreement and (2) the lawyer’s fees incurred for sending the cease and desist letter. Moreover, Fantec was not willing to give full information on sales figures, customers, etc.

The right holder brought an action at the court in Hamburg demanding payment of the contractual penalty and the legal fees and for full information. The court decided in the plaintiff’s favor. It held that Fantec had breached its duty of offering the complete corresponding source code along with the binary of the software. It emphasized that Fantec had not met its duty to verify that its products did not infringe on any third party’s rights and had therefore acted negligently. Consequently, Fantec was ordered to pay the contractual penalty. Moreover, the court also confirmed that violating GPLv2 conditions amounted to copyright infringement and confirmed on this basis that Fantec had to indemnify the right holder for its legal costs and had to give the requested information. The court pointed out that by not including Netfilter/iptables in its source code, Fantec had failed to comply with its obligation to offer the complete corresponding source code.

Fantec appealed the decision but withdrew its appeal when the right holder agreed to waive its right to receive the requested information.

¹¹³LG Hamburg, 2013 CR 498, available at <http://www.ifross.org/en/publikation/lg-hamburg-az-308-o-1013>.

Xt:commerce

The Higher Regional Court of Düsseldorf (Oberlandesgericht Düsseldorf) is responsible for two important decisions dealing with the tricky issue of using trade marks for FOSS.¹¹⁴ In the first of the cases, the plaintiff owned a word/figurative trade mark containing the phrase “xt:Commerce” for software, development of software, and software support. It distributed a computer program that was licensed under the GNU General Public License, using the name “xt:Commerce”. The defendant offered on the market, inter alia, its own reproductions of the xt:Commerce software, also using that name. The plaintiff, relying on its trade mark, asked the court to enjoin the defendant from doing so. The court granted the relief sought, arguing that the GPL only conveyed licenses under copyright, but not under trade mark law. If someone desired to distribute her own copies of GPL software, she may do so under the GPL, but only under a name that did not infringe on third parties’ trade mark rights.

Enigma

Two years later, in 2012, the same court addressed some more complex questions.¹¹⁵

The plaintiff, DP GmbH (DP), was the owner of the community trade mark “Enigma” which is protected for operating systems, drivers, set-top-boxes, satellite receivers, and digital TV receivers. Its sister company, DM GmbH (DM), distributed set top boxes whose firmware was based on GNU/Linux. DM developed its own user interface, published it under the name “Enigma” and licensed it under the GNU General Public License, version 2 (GPLv2). Since 2006, DM had distributed a new version of this user interface, called “Enigma 2.” “Enigma” and “Enigma 2” were used by numerous manufacturers for their own set top boxes.

The defendant S GmbH distributed a set top box that used Enigma 2, but with several adaptations to S’s hardware. S advertised its device with the words “fully equipped HDTV Tuner PVR with Linux Enigma 2 operating system.” The product description contained the following language: “400 MHz CPU + Linux OS Enigma 2 + Internal HDD (2.5/3.5) + Twin DVB-S2 Tuner + E-SATA/ 3 x USB...”. Moreover, when a user clicked on “About,” a window popped up with information about the precise software status, including a reference to “Enigma.”

The plaintiff argued that the situation described above infringed its community trade mark. The Higher Regional Court of Düsseldorf disagreed and provided the following arguments:

¹¹⁴OLG Düsseldorf, 2011 CR 285, available at <http://www.ifross.org/en/publikation/olg-duesseldorf-az-i-20-u-4109>.

¹¹⁵OLG Düsseldorf, 2012 CR 434, available at <http://www.ifross.org/en/publikation/olg-duesseldorf-az-1-20-u-17611>; an English translation is available at <http://germanitlaw.com/wp-content/uploads/2012/05/Higher-Regional-Court-Duesseldorf.pdf>.

According to the court, S had not used the term “Enigma” as a trade mark — as required by art. 9 para 1 b) of the Community Trade Mark Regulation (CTMR) — but only as the title of the work (Werktitel¹¹⁶). Using “Enigma 2” as described above thus did not indicate the origin of the software. Rather, consumers understood this as a necessary identifier of the software itself.

The court continued that in any event, the way S had used the term “Enigma 2” would be permitted by art. 12 b) of the CTMR: The title “Enigma 2” was used by S in order to inform (potential) customers about the characteristics of their products. Moreover, as the software “Enigma” / “Enigma 2” was utilized by numerous companies under the license conditions of the GPLv2, the relevant public had gotten used to “Enigma” being the name of a certain software product associated with a wider range of sources.

Even if customers did not have this understanding of the term “Enigma” the prerequisites of art. 12 b) of the CMTR would have been met, the court held. Under the GPLv2, S was allowed to reproduce the work called “Enigma” / “Enigma 2”. In such a case, S must also be permitted to identify this work, which can only be done by using its name. Here, the court used an interesting analogy to an older decision of the BGH: In 2000, the BGH had held that once a work had entered the public domain, anyone was permitted to use this work’s title, even if this title was registered as a trade mark.¹¹⁷ According to the Düsseldorf court, the situation is similar when a work may be used by anyone under a free license.

The court went even further and held that use of the trade marked software title could also be justified if the software was — to a certain degree — modified. The court recognized that software may not be used on different types of hardware without being subject to some adaptations. Therefore, the use of its (trade-marked) title should even be lawful when the program had been adjusted to the technical environment it was used in. Even making use of the software title for a program with certain new functions would be covered by art. 12 b) CTMR, as long as the essential functions of the original software were sustained, and pre-existing third-party plug-ins still worked with the software.

Importantly, the court emphasized that the principles stated above apply only so long as the user meets all the license conditions of the GPLv2. Otherwise, using the trademarked title would not be in accordance with honest practices in industrial or commercial matters.

Moreover, it should be noted that the ruling covers only the simple use of a work title as an indispensable identifier of the software used; therefore, the principles

¹¹⁶See section 5(3) of the German Trade Mark Act (Markengesetz): “Titles of works are the names or special designations of printed publications, cinematic works, music works, stage works or other comparable works.” Translation by Brian Duffett and Neil Mussett, available at http://www.gesetze-im-internet.de/englisch_markeng/englisch_markeng.html#p0032.

¹¹⁷BGH 2000 GRUR, 882, available at <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&sid=0da4d51abc69d99e14780ba42ee1d8ad&nr=22449>.

above cannot justify any form of use going beyond the narrow scope described in the decision.

Other cases

In a number of other cases, German courts have granted preliminary injunctions against producers and distributors of products that violated the GPLv2 terms. Apart from one case¹¹⁸ the decisions generally do not provide an explanation of the court reasoning, as is often the case in preliminary injunction proceedings. The exception mentioned did not add anything new from a doctrinal perspective, but confirmed a few of the arguments set forth above: most importantly, that sec. 4 GPLv2 leads to an automatic loss of any rights of use in case of license violations; that even if the GPLv2 was not part of an agreement between the parties, no rights would be granted to the infringer; and that the right holder's rights were not exhausted since the first distribution of the copies at hand had occurred without his consent.

Recommended literature

Recommended literature in English

- J. Höppner: The GPL prevails: An analysis of the first-ever Court decision on the validity and effectivity of the GPL, <http://www.law.ed.ac.uk/ahrc/script-ed/issue4/GPL-case.asp>
- T. Jaeger: Enforcement of the GNU GPL in Germany and Europe,1 (2010) JIPITEC 34, <http://www.jipitec.eu/issues/jipitec-1-1-2010/2419/dippadm1268746871.43.pdf>
- A. Metzger, T. Jaeger: Open Source Software and German Copyright Law, IIC Vol. 32, 2001, p.52, <http://www.ifross.org/publikation/open-source-software-and-german-copyright-law>
- H. Picot, A. Duisberg: A review of German case law on the GNU General Public License, <http://www.twobirds.com/en/news/articles/2007/review-german-gnu-general-public-license>

Recommended literature in German

Over the course of the years, an increasing number of articles on legal aspects of free software under German law have been published. Please see for an overview:

- <http://www.ifross.org/en/publikationen/publikationen-des-instituts/i-buecher-und-gutachten-ifross-mitarbeitern-open-source-so>
- <http://www.ifross.org/en/publikationen/publikationen-des-instituts/ii-veroeffentlichungen-juristischen-fachzeitschriften-und->

¹¹⁸LG Berlin, Order of 21 February 2006, ref. 16 O 134/06, available at <http://www.ifross.org/Fremdartikel/LG%20Berlin%20GPL-Entscheidung21.2.06.pdf>.

- <http://www.ifross.org/en/publikationen/fremdpublikationen/ii-juristische-online-artikel-freier-software-und-recht/b-laendersp>
- <http://www.ifross.org/en/publikationen/fremdpublikationen/iv-offline-materialien-freie-software-und-recht/b-laenderspezifisch>

Comprehensive books

- ifrOSS (ed.), Die GPL kommentiert und erklärt, available at http://www.ifross.org/en/Druckfassung/Die_GPL_kommentiert_und_erklaert.pdf
- T. Jaeger, A. Metzger: Open Source Software — Rechtliche Rahmenbedingungen der Freien Software, 3rd edition, Munich 2011
- G. Spindler (ed.): Rechtsfragen bei Open Source, Cologne 2004