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WHAT CAN DECISIONS BY EUROPEAN COURTS TEACH US ABOUT THE FUTURE OF OPEN-SOURCE LITIGATION IN THE UNITED STATES

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I. INTRODUCTION

Corporations can no longer ignore the commercial impact and cultural changes resulting from the exponentially increasing adoption of and reliance on open-source software. Unlike traditional proprietary software licenses that, generally for a fee, afford access only to machine-readable object code, open-source software is distributed in human-readable source code and available to the public at no charge.[1] The open-source licensee may then modify the code for use in any field of endeavor and redistribute both the original code and its derivative works to others.[2] Powerful nonprofit, volunteer communities, such as the Free Software Foundation ("FSF"), the Apache Software Foundation, and the Eclipse Foundation, bring together the talent of thousands of skilled developers who engage in collaborative development and enhancement of open-source software.[3] Companies with sizeable IT departments use open-source software to create new proprietary offerings or develop custom features and functionalities to meet their unique internal business requirements.[4] The availability of open-source software and the extensive collaboration that fosters its enhancement are widely believed to enable faster and less expensive development, modification, and debugging of software, compared to independent creation.[5]

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1 *Open-Source Definition*, OPEN-SOURCE INITIATIVE, http://www.opensource.org/docs/osd (last visited Dec. 4, 2010).

2 *Id.*

3 The Free Software Foundation identifies itself as a proponent of "free" rather than "open" software, viewing open-source as a "development methodology" and free software as a "social movement." Richard Stallman, *Why Open-source Misses the Point of Free Software*, FREE SOFTWARE FOUND., INC., http://www.gnu.org/philosophy/open-source-misses-the-point.html (last updated Oct. 1, 2010). For purposes of this Article, we use the term "open-source" to refer to software available under the Open-Source Definition and do not distinguish licenses that the FSF may consider to be "non-free."

4 *Cf.* Adam Jacob, *Why We Chose the Apache License*, OPSCODE, INC. (Aug. 11, 2009) http://www.opscode.com/blog/2009/08/11/why-we-chose-the-apache-license/ ("We wanted anyone . . . whose problems were solved by our software to be able to use it, in any environment they wanted, in what ever [sic] way they wanted.").

5 *Id.* ("We truly believe that our software is made better, every day, by every person who runs it, files tickets about it, or patches it.").

The United States Court of Appeals for the Federal Circuit recognized this phenomenon in the landmark case *Jacobsen v. Katzer*, observing that "[o]pen-source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago."[6] Unsurprisingly, the widespread use of open-source software has created a groundswell in the number of actions filed by licensors who believe that their intellectual property and contractual rights have been infringed.[7] These licensors turn to federal courts when informal enforcement requests fail to bring users of the source code into compliance.[8] Those suits are often brought by, or in close cooperation with, open-source or free software communities and their legal counterparts.[9]

A few years before this, European courts began laying the foundation for the enforcement of open-source licenses taking place today in the United States.[10]

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6 535 F.3d 1373, 1378, 87 U.S.P.Q.2d (BNA) 1836, 1839 (Fed. Cir. 2008).

7 *See, e.g.*, *id.* at 1375, 87 U.S.P.Q.2d (BNA) at 1837; Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ-10155-SAS, 2010 WL 2985320 (S.D.N.Y. July 27, 2010); Complaint, Free Software Found., Inc. v. Cisco Sys., Inc., No. 08-CV-10764 (S.D.N.Y. Dec. 11, 2008), *available at* http://scofacts.org/FSF-vs-Cisco-1.pdf; Complaint, Andersen v. Monsoon Multimedia, Inc., No. 07-CV 8205-LAP (S.D.N.Y. Sept. 19, 2007), *available at* http://www.softwarefreedom.org/news/2007/sep/20/busybox/complaint.pdf.

8 *See, e.g.*, Ingrid Marson, *Fortinet Accused of GPL Violation*, ZDNET UK (Apr. 14, 2005), http://www.zdnet.co.uk/news/application-development/2005/04/14/fortinet-accused-of-gpl-violation-39195174/ ("The injunction was granted by the Munich District Court after Fortinet failed to respond to an earlier warning letter.").

9 *See, e.g.*, *Software Freedom Conservancy, Inc.*, 2010 WL 2985320; Complaint at 2, *Freedom Software Found., Inc.*, *supra* note 7 ("Plaintiff's nonprofit mission is to promote computer user freedom and to defend the rights of all free software users." (internal quotation omitted)).

10 Landgericht München I [LG München I] [District Court of Munich I] Apr. 2, 2004, No. 21 O6123/04 (Ger.), *available at* INSTITUT FÜR RECHTSFRAGEN DER FREIEN UND OPEN-SOURCE SOFTWARE, http://www.ifross.org/ifross_html/eVWelte.pdf; Landgericht Frankfurt Am Main [LG München I] [District Court of Frankfurt Am Main] Sept. 6, 2006, No. 2-6 O224/06 (Ger.), *available at* JASCHINSKI BIERE BREXL RECHTSANWAELTE, http://www.jbb.de/fileadmin/download/urteil_lg_frankfurt_gpl.pdf, *translated in* Jason Haislmaier, THINKING OPEN, http://thinkingopen.files.wordpress.com/2007/07/d-link-verdict-english-translation-061028_2_.pdf.

As is now true in the United States, many European court cases were brought or assisted by volunteer, nonprofit organizations seeking to improve the credibility of open-source licensing.[11] This Article traces some of the roots of current strategies in the United States to enforce open-source licenses back to the groundbreaking decisions in Europe. It also highlights the impact of those decisions abroad on recent and ongoing federal litigation.

II. CORPORATE AMERICA MEETS OPEN-SOURCE

The terms of open-source licenses vary dramatically. The many iterations of the permissive Berkeley Software Distribution ("BSD") License allow the licensee to distribute and modify the subject code essentially without limitation, provided that the text of the license (including the disclaimer of warranties) and applicable copyright notices are provided with the distribution.[12] The popular Apache Software License v.2.0 ("Apache") similarly enables the end-user to distribute its derivative works of the code under the licensing terms of its choice.[13] Unless a "patent retaliation" clause is triggered by a licensee's suit alleging that the software infringes its patent rights, the licensee enjoys the benefits of broad, explicit patent and copyright licenses that mirror those granted by the original creators of the software under Contributor License Agreements.[14] The BSD and Apache licenses are greatly favored within the private sector

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[11] *See* Stephen Shankland, *GPL Gains Clout in German Legal Case*, CNET (Apr. 22, 2004, 5:42 PM), http://news.cnet.com/2100-7344_3-5198117.html (noting that plaintiff Harold Welte "actively pursue[s]" open-source licensing cases); *Paris Court of Appeals Condemns Edu4 for Violating the GNU General Public License*, FSF FRANCE (Sept. 22, 2009), http://fsffrance.org/news/article2009-09-22.en.html (describing Free Software Foundation France's involvement in a French open-source licensing case).

[12] *The BSD License*, OPEN-SOURCE INITIATIVE, http://www.opensource.org/licenses/bsd-license.html (last visited Dec. 4, 2010).

[13] *Apache License Version 2.0*, APACHE SOFTWARE FOUND., §§ 2, 4 (Jan. 2004), http://www.apache.org/licenses/LICENSE-2.0.txt; *see also* Adam Jacob, *Why We Chose the Apache License*, OPSCODE, INC. (Aug. 11, 2009), http://www.opscode.com/blog/2009/08/11/why-we-chose-the-apache-license/ (an interesting layman's perspective on the benefits of using the Apache Software License v.2.0 as an outbound licensing mechanism).

[14] *Apache License Version 2.0*, *supra* note 13, § 3.

because they permit licensees to exploit software commercially, so long as they abide by reasonable documentation requirements.[15]

By contrast, other open-source licenses embody a "copyleft" philosophy[16]—that is, in exchange and consideration for use of the subject work, the copyright holder allows licensees to copy, modify, and distribute the code and their derivative works thereto *provided that* downstream users are afforded the same privileges of accessibility and use of the licensee's derivative works.[17] A pure copyleft license provides each user or holder of a software program the same "four essential freedoms" as the software's creator:

> 0. the freedom to run the program, for any purpose,
>
> 1. the freedom to study how the program works, and change it to make it do what you wish,
>
> 2. the freedom to copy and share the program with others, and
>
> 3. the freedom to share modifications with others.[18]

The GNU General Public License ("GPL") is the most well-known copyleft license.[19] By way of example, copyleft licenses may contain: a requirement that the licensee publish or make available the source code for any works based on or derived from the original software; a requirement that the licensee send the sponsoring open-source community a copy of all versions of

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15 *See generally* Jacob, *supra* note 13.

16 *See What is Copyleft?*, FREE SOFTWARE FOUND., INC., http://www.gnu.org/copyleft (last updated Jan. 8, 2010).

17 *See GNU Public License Version 3*, FREE SOFTWARE FOUND., INC., § 5(c) (June 29, 2007), http://www.gnu.org/licenses/gpl.html (requiring modifiers of GNU-licensed software "license the entire work, as a whole" under the GNU license).

18 *The Free Software Definition*, FREE SOFTWARE FOUND., INC., http://www.gnu.org/philosophy/free-sw.html (last updated Oct. 5, 2010). While the four freedoms are paraphrased above, this Article retains Richard Stallman's unique numbering scheme that begins with zero rather than one.

19 *See* David A. Wheeler, *Estimating GNU/Linux's Size* http://www.dwheeler.com/sloc/redhat62-v1/redhat62sloc.html (last updated July 30, 2004) (noting that the GNU General Public License is "far and away" the most common license for Linux components).

derivative software created using the software; and a requirement that the licensee make the software documentation available at no charge.[20]

"Weak" copyleft licenses permit the licensee to include or link to the original, unmodified code in a greater work without being required to license the entirety of the new work under the open-source license.[21] Examples of weak copyleft licenses are the Mozilla Public License and the Eclipse Public License.[22] The GNU Lesser General Public License ("LGPL") is sometimes referred to as a weak copyleft license,[23] but its narrow safe harbor and diverse interpretations of how to link safely to LGPL-licensed code warrant a much more rigorous analysis than the more straightforward Mozilla and Eclipse requirements.[24]

The free software philosophy first captured the attention of corporate America in 1994 when Linus Torvalds released Linux, a free, Unix-type operating system, under the GPL.[25] Corporate counsel and their clients were uncertain how to comply with the terms of this new licensing structure and what the risks were of noncompliance. United States common law on open-source licensing issues was undeveloped, and practitioners struggled to apply the artistically focused Copyright Act to the technicalities of software.[26]

Lawyers could look to informal guidance published by open-source communities, but these groups are largely comprised of developers and other

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20 *See The Free Software Definition*, *supra* note 18.

21 *See, e.g.*, *Mozilla Public License Version 1.1*, MOZILLA PROJECT, § 3.7 http://www.mozilla.org/MPL/MPL-1.1.txt (last visited Dec. 4, 2010).

22 *Id.*; *Eclipse Public License—Version 1.0*, ECLIPSE FOUND., http://www.eclipse.org/legal/epl-v10.html (last visited Dec. 4, 2010).

23 *See License Class: GNU Lesser General Public Licenses (LGPL)*, OPENLOGIC EXCH., https://olex.openlogic.com/licenses/license_class/5 (last visited Dec. 4, 2010).

24 *See GNU Lesser General Public License Version 2.1*, FREE SOFTWARE FOUND., INC., http://www.gnu.org/licenses/lgpl-2.1.html (last updated Sept. 8, 2010).

25 *What is Linux*, LINUX ONLINE INC., http://www.linux.org/info/ (last updated July 2, 2007).

26 *See generally* ROGER M. MILGRIM, MILGRIM ON LICENSING § 6C.00 (2010) ("As technology evolves it challenges both intellectual property law and the ways in which we exploit the new body of intellectual property by licensing.").

non-lawyers.[27] The relatively low level of enforcement activity conducted by these communities added further uncertainty as to how real and costly the risks were for failing to comply with the terms of an open-source license.[28] However, the number of devices and companies that relied upon or included open-source software continued to expand rapidly.[29]

There is no longer a question that the risks and ramifications of noncompliance are real. By the end of 2007, the Free Software Foundation ("FSF"), with the assistance of the Software Freedom Law Center, had filed copyright infringement actions in the United States District Court for the Southern District of New York ("S.D.N.Y.") against Verizon Communications, Xterasys, and High-Gain Antennas based on the defendants' distribution of open-source, Unix-based BusyBox software in alleged violation of the GPL.[30] The FSF withdrew the complaint in each of those actions shortly after filing suit, but only after each defendant agreed to comply with the terms of that license.[31]

European case law allowing licensors to strictly enforce the GPL against wayward licensees, coupled with other publicized settlements of open-source disputes in the European Union, was undoubtedly a significant factor in the 2007 S.D.N.Y. cases. These unwavering, bright-line decisions empowered free software proponents and served as cautionary tales to corporate defendants. Pioneering judges from across the pond created a *de facto* precedent for American courts in information technology law and policy—a compelling reminder to

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[27] For example, the Open Source Initiative's board of directors consists entirely of software developers. *See OSI Board of Directors*, OPEN SOURCE INITIATIVE, http://www.opensource.org/docs/board-annotated (last visited Dec. 4, 2010).

[28] Kit R. Roane, *How Corporate America Went Open-Source*, FORTUNE (Aug. 16, 2010, 12:50 PM), http://tech.fortune.cnn.com/2010/08/16/how-corporate-america-went-open-source/.

[29] *Id.*

[30] *See* Steven J. Vaughn-Nichols, *BusyBox Developers File GPL Infringement Lawsuit Against Verizon*, LINUX-WATCH (Dec. 7, 2007), http://www.linux-watch.com/news/NS8734215139.html; *On Behalf of BusyBox Developers, SFLC Files First Ever U.S. GPL Violation Lawsuit*, SOFTWARE FREEDOM LAW CTR. (Sept. 20, 2007), http://www.softwarefreedom.org/news/2007/sep/20/busybox/.

[31] *BusyBox Developers Agree to End Suit with Verizon*, SOFTWARE FREEDOM LAW CTR. (March 17, 2008), http://www.softwarefreedom.org/news/2008/mar/17/busybox-verizon/.

remain aware of global trends in intellectual property law. Today, both formal and informal enforcement activity of open-source licenses continues to intensify, and many more related copyright infringement and breach of contract cases have been filed in federal district courts as of the date of this Article.[32]

III. IT ALL STARTED WITH A 25-YEAR-OLD GERMAN DEVELOPER . . . .

In 2003, Harald Welte, a young programmer from Berlin, was a principal contributor to and copyright owner of "netfilter/iptables," a packet-filtering framework for the Linux kernel licensed under the GNU General Public License.[33] Welte became frustrated over what he perceived as a pervasive, industry-wide failure of wireless networking manufacturers that embedded netfilter code in their products to comply with the terms of the GPL.[34] After being named chairman of the netfilter core team that managed the open-source project, Welte began active enforcement activity targeting the manufacturers.[35] He founded the gpl-violations.org project in January 2004 to advocate and investigate compliance with the GPL, then proceeded to obtain several out-of-court settlement agreements in which the licensees agreed to remedy their licensing violations.[36] Welte sent one such cease-and-desist notice to Sitecom Germany GmbH, the German subsidiary of a Dutch wireless networking company.[37] After Sitecom declined to cooperate, Welte filed an action for copyright infringement in the Munich district court, alleging that Sitecom violated the terms of the GPL by (1) failing to make available the source code for its wireless access router and (2) failing to distribute a copy of the GPL license to

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32 *See, e.g.*, Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ-10155-SAS, 2010 WL 2985320 (S.D.N.Y. July 27, 2010).

33 *License Terms of the Netfilter/iptables Software*, NETFILTER, http://netfilter.org/about.html#license (last visited Dec. 4, 2010).

34 *See About the gpl-violations.org Project*, GPL-VIOLATIONS.ORG, http://www.gpl-violations.org/about.html (last visited Dec. 4, 2010).

35 *Id.*

36 *Id.*

37 Harald Welte, *Preliminary Injunction to Enforce Netfilter/iptables GPL*, NETFILTER (Apr. 15, 2004, 4:43 PM), http://lists.netfilter.org/pipermail/netfilter-announce/2004/000057.html; *see also* Shankland, *supra* note 11.

its end-users.[38] He sought a preliminary injunction to stop distribution of the product pending compliance by Sitecom with the open-source license.[39]

On April 2, 2004, a three-judge panel issued the injunction[40] and upheld it on May 19, 2004, in response to Sitecom's objection.[41] The German court held that the terms of the GPL were enforceable and that Sitecom had no right to distribute netfilter/iptables-based products without complying with the GPL's conditions.[42] The milestone decision was reported worldwide, both within and beyond the open-source community.[43] Dr. Till Jaeger, counsel for Welte and co-founder of the Institute for Legal Issues of Free and Open-Source Software, noted: "To my knowledge, this is the first case in which a judicial decision has been decreed on the applicability and the validity of the GNU GPL."[44]

Formal enforcement of open-source licenses thus began with the targeting of primarily router and network appliance manufacturers, likely due in part to the discrete architecture of the technology and the relative ease of demonstrating noncompliance. Because the software for these devices is necessarily integrated and embedded in the hardware as "firmware," manufacturers encountered difficulty claiming that they were not distributing or

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38 Landgericht München I [LG München I] [District Court of Munich I] May 19, 2004, No. 21 O6123/04 at 8 (Ger.), *available at* JASCHINSKI BIERE BREXL RECHTSANWAELTE, http://www.jbb.de/fileadmin/download/urteil_lg_muenchen_gpl.pdf, *translated in* Thorsten Feldman, Jaschinski Biere Brexl Rechtsanwaelte, http://www.jbb.de/fileadmin/download/judgment_dc_munich_gpl.pdf.

39 *Id.* at 4-5; *see also* Landgericht München I [LG München I] [District Court of Munich I] Apr. 2, 2004, No. 21 O6123/04, at 2 (Ger.), *available at* INSTITUT FÜR RECHTSFRAGEN DER FREIEN UND OPEN-SOURCE SOFTWARE, http://www.ifross.org/ifross_html/eVWelte.pdf.

40 LG München I, Apr. 2, 2004, No. 21 O6123/04 (2) (Ger.).

41 LG München I, May 19, 2004, No. 21 O6123/04 (2) (Ger.); *see also* Shankland, *supra* note 11; *Netfilter/iptables Project Enforces GPL Once Again*, GPL-VIOLATIONS.ORG (Apr. 15, 2004), http://www.gpl-violations.org/news/20040415-iptables.html.

42 LG München I, May 19, 2004, No. 21 O6123/04 (18-19) (Ger.).

43 Shankland, *supra* note 11; *see also* Welte, *supra* note 37.

44 Welte, *supra* note 37.

conveying a work "based on" the GPL-licensed code.[45] There may also have been insufficient policing of internal software development and licensing practices by the hardware manufacturers because it was not viewed as a critical business issue at the time.[46]

Emboldened by their success and indeed, an apparent batting record of a thousand, Welte and the gpl-violations.org project broadened the scope of their efforts to include an infringing operating system. Fortinet UK Ltd. ("Fortinet") sold a line of security appliances that it marketed as running on the proprietary "FortiOS" operating system.[47] The GPL watchdogs analyzed the operating system and determined that it contained portions of the Linux kernel that were not being distributed in compliance with the GPL.[48] Moreover, the project concluded that Fortinet knowingly concealed its use of the Linux code through the use of cryptographic tools.[49] Fortinet, however, did not yet take the project's efforts to engage it seriously. The company refused to either honor the cease-and-desist notice or otherwise settle the project's claims of infringement.[50] Welte once again sought reinforcement from the Munich district court.[51]

In April 2005, the court granted a preliminary injunction against Fortinet, agreeing with Welte's assertions that Fortinet did not have the right to continue distributing the Linux kernel in its operating system without abiding by the

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45 The GNU General Public License Version 2 focuses on whether the licensee is "distributing" a covered work, while the GNU General Public License Version 3 published in June 2007 queries whether a covered work has been "conveyed." *Compare GNU General Public License, Version 2*, FREE SOFTWARE FOUND., INC. (June 1991), http://www.gnu.org/licenses/gpl-2.0.txt *with GNU General Public License, Version 3*, FREE SOFTWARE FOUND., INC. (June 29, 2007), http://www.gnu.org/licenses/gpl-3.0.txt.

46 *Cf.* Roane, *supra* note 28.

47 *gpl-violations.org Project Was Granted a Preliminary Injunction Against Fortinet UK Ltd.*, GPL-VIOLATIONS.ORG (Apr. 14, 2005), http://gpl-violations.org/news/20050414-fortinet-injunction.html.

48 *Id.*

49 *Id.*

50 *Id.*; *see also* Marson, *supra* note 8.

51 Marson, *supra* note 8.

terms of the GPL.[52] To return to the marketplace, the court required Fortinet to modify its end user license agreement to conform to the GPL and make available the corresponding source code for the covered code.[53]

Welte's gpl-violations.org project prevailed again in litigation in 2006 against D-Link Germany GmbH ("D-Link"), a German subsidiary of the Taiwanese manufacturer, and a distributor of its hardware and network devices.[54] D-Link distributed a Wireless G network attached storage (NAS) device that contained at least three software components from the Linux kernel, all of which were licensed under the GPL.[55] D-Link, however, did not provide either a copy of the GPL or the requisite disclaimer of warranties to its customers, and it did not disclose the source code for the data storage unit to the public.[56] Although D-Link agreed to address these breaches, it refused to reimburse Welte for the costs of investigation, a remedy potentially available to him under the German Civil Code.[57]

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[52] *gpl-violations.org Project Was Granted a Preliminary Injunction Against Fortinet UK Ltd.*, *supra* note 47; *see also Software Firm Settles GPL Violation Lawsuit*, PINSENT MASONS, LLP (Apr. 28, 2005), http://www.out-law.com/page-5620.

[53] Ingrid Marson, *Fortinet Settles GPL Violation Suit*, CNET NEWS (Apr. 26, 2005), http://news.cnet.com/Fortinet-settles-GPL-violation-suit/2100-7344_3-5684880.html.

[54] *gpl-violations.org Project Prevails in Court Case on GPL Violation by D-Link*, GPL-VIOLATIONS.ORG (Sept. 22, 2006), http://www.gpl-violations.org/news/20060922-dlink-judgement_frankfurt.html.

[55] *Id.* The authors of the software had granted Welte exclusive rights in the code, thus enabling Welte to license the software to others under the GPL and granting him standing to enforce the terms of the license in the German court. *See* Landgericht Frankfurt Am Main [LG Frankfurt] [District Court of Frankfurt] Sept. 6, 2006, No. 2-6 O224/06, at 6 (Ger.), *available at* JASCHINSKI BIERE BREXL RECHTSANWAELTE http://www.jbb.de/fileadmin/download/urteil_lg_frankfurt_gpl.pdf, *translated in* Jason Haislmaier, THINKING OPEN, http://thinkingopen.files.wordpress.com/2007/07/d-link-verdict-english-translation-061028_2_.pdf.

[56] LG Frankfurt, Sept. 6, 2006, No. 2-6 O224/06 (3) (Ger.).

[57] *See* BÜRGERLICHES GESETZBUCH [BGB] [CIVIL CODE] Aug. 18, 1896, as amended, §§ 670, 683 (Ger.), *translated in* Neil Mussett, *German Civil Code*, BUNDESMINISTERIUM DER JUSTIZ, http://www.gesetze-im-internet.de/englisch_bgb/index.html.

Welte brought suit in the Frankfurt district court, alleging copyright claims based on the GPL and claiming that he was entitled to reimbursement for the expenses of attempting to enforce the GPL.[58] In the proceedings, D-Link argued that the GPL was not legally binding, regardless of the repeatedly-quoted judgment of the Sitecom decision discussed above.[59] D-Link contended that the GPL's requirement that source code be made available at no charge was in essence a price-fixing obligation, and therefore unenforceable as a violation of antitrust law.[60] D-Link also contended that it could not be held liable for infringement because its status as a subsidiary meant that it was merely a distributor of the data storage unit and had no knowledge of the code actually embedded in the device.[61]

On September 6, 2006, the district court issued its judgment, confirming Welte's claims of copyright infringement and specifically holding that the GNU GPL was enforceable under German law.[62] The court rejected D-Link's claim that it was not responsible for infringement because it was merely a distributor.[63] In a statement foreshadowing the Federal Circuit's 2008 decision in *Jacobsen v. Katzer*,[64] the court noted in response to D-Link's antitrust defense that if a would-be licensee refused to accept the licensing terms imposed by the copyright owner of software, regardless of the rationale for refusal, then it could not somehow claim the right to distribute the software under the terms of its choice.[65] The court also ordered D-Link to reimburse Welte for most of his requested expenses for legal services, testing, and re-engineering.[66]

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58 LG Frankfurt, Sept. 6, 2006, No. 2-6 O224/06 (2) (Ger.).

59 *gpl-violations.org Project Prevails in Court Case on GPL Violation by D-Link*, *supra* note 54.

60 LG Frankfurt, Sept. 6, 2006, No. 2-6 O224/06 (13) (Ger.).

61 *Id.* at 9.

62 *Id.* at 13.

63 *Id.* at 9.

64 Jacobsen v. Katzer, No. 06-CV-01905-JSW, 2007 WL 2358628 (N.D. Cal. Aug. 17, 2007), *vacated in part*, 535 F.3d 1373, 87 U.S.P.Q.2d (BNA) 1836 (Fed. Cir. 2008).

65 LG Frankfurt, Sept. 6, 2006, No. 2-6 O224/06 (13) (Ger.); *see also* Pamela Jones, *GPL Upheld in Germany Against D-Link*, GROKLAW (Sept. 22, 2006, 1:45 PM), http://www.groklaw.net/articlebasic.php?story=20060922134536257.

66 LG Frankfurt, Sept. 6, 2006, No. 2-6 O224/06 (15) (Ger.).

After the victory, Welte issued a statement condemning D-Link's attitude and hinting at the implementation of more aggressive enforcement tactics:

> It was very sad to see D-Link starting to argue that the GPL would not apply. Given D-Link's repeated license violations, it can be thankful that we've never asked for any kind of damages, but merely to cease and desist from further infringements, plus our expenses. I start to wonder whether they actually deserve such a mild strategy.[67]

The case was another clear-cut win for the free software proponents; the court's resounding validation of the GPL's legitimacy plainly advanced both their cause and their zeal.

Thus, it was a trio of decisions by German courts that led the way in recognizing and enforcing free and open-source software licenses. Welte declared on the gpl-violations.org website: "By June 2006, the project has hit the magic '100 cases finished' mark, at an exciting equal [sic] '100% legal success' mark. Every GPL infringement that we started to enforce was resolved in a legal success, either in-court or out of court."[68] The project announced that numerous "major companies" had agreed to out-of-court settlements of GPL enforcement activity, including Siemens, Fujitsu-Siemens, Asus, Belkin, and TomTom B.V.[69] The Free Software Foundation presented Welte with the 2007 FSF Award for the Advancement of Free Software as recognition for his leadership in licensing enforcement;[70] he subsequently received the 2008 Google-O'Reilly Open-Source

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[67] *gpl-violations.org Project Prevails in Court Case on GPL Violation by D-Link*, *supra* note 54.

[68] *About the gpl-violations.org Project*, *supra* note 34.

[69] Harald Welte, *gpl-violations.org Project Brings TomTom to GPL Compliance*, GPL-VIOLATIONS.ORG (Oct. 24, 2004), http://www.gpl-violations.org/news/20041024-linux-tomtom.html; Harald Welte, *Many More Out-of-Court Settlements*, GPL-VIOLATIONS.ORG (Oct. 4, 2004), http://www.gpl-violations.org/news/20041004-majorupdate.html.

[70] Matt Lee, *Harald Welte and Groklaw Announced as Winners of the FSF's Annual Free Software Awards*, FREE SOFTWARE FOUND. (Mar. 19, 2008, 9:15 PM), http://www.fsf.org/news/2007_free_software_awards.

Award for Defender of Rights.[71] He continues to lead gpl-violations.org vigorously as of the date of this Article.[72]

IV. A FRENCH APPELLATE COURT ENFORCES THE GPL IN FAVOR OF A SOFTWARE RECIPIENT

While Welte and gpl-violations.org energetically enforced the GPL in German courts, the Free Software Foundation France ("FSF France") was helping a downstream licensee pursue its rights under an open-source license in a case of first impression under the French Civil Code. The licensee, an adult vocational institute known as *Association pour la Formation Professionnelle des Adultes* ("AFPA"), maintained training facilities that included tele-mentoring and other educational programs.[73] EDU 4, a manufacturer of multimedia teaching rooms, was the successful bidder to a request for proposals issued by the AFPA and provided the AFPA with certain equipment and software that included a modified version of Virtual Network Computing ("VNC") software.[74] VNC software enables a desktop user to view and control another desktop connected to the Internet.[75] The version of VNC provided by EDU 4 was subject to the GNU GPL.[76]

EDU 4 did not acknowledge the presence of the VNC software in the media it provided.[77] In its distribution, it also deleted the VNC license, copyright

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71 Jeff Bailey, *. . . And the Winners of the 2008 Google-O'Reilly Open Source Awards Are . . .*, GOOGLE OPEN SOURCE BLOG (Jul. 22, 2008, 7:02 PM), http://google-opensource.blogspot.com/2008/07/and-winners-of-2008-google-oreilly-open.html.

72 *See, e.g.*, Glyn Moody, *Could This Lawsuit Undermine the GNU GPL?*, COMPUTERWORLD UK (Sept. 2, 2010, 10:22 AM), http://blogs.computerworlduk.com/open-enterprise/2010/09/could-this-lawsuit-undermine-the-gnu-gpl/ (discussing Welte's recent involvement in an infringement lawsuit).

73 Cour d'appel [CA] [regional court of appeal] Paris, 10e ch., Sept. 16, 2009, no. 04/24298, 4 (Fr.), *available at* FSF FRANCE, http://fsffrance.org/news/arret-ca-paris-16.09.2009.pdf.

74 CA Paris, Sept. 16, 2009, No. 04/24298, 4 (Fr.).

75 *See Paris Court of Appeals Condemns Edu4 for Violating the GNU General Public License*, *supra* note 11.

76 CA Paris, Sept. 16, 2009, No. 04/24298, 6 (Fr.).

77 *Id*. at 8.

notices, and attributions originally contained in the software and inserted its own.[78] FSF France, another open-source community advocate for enforcement of the GPL, assisted the AFPA by identifying the specific violations of the GPL and attempting to mediate a resolution with EDU 4, but to no avail.[79] In early 2002, the AFPA unilaterally terminated the contract with EDU 4, due in part to the perceived violation of the GPL and its claim that EDU 4 concealed the true pedigree of this code.[80] EDU 4 sued the AFPA for breach of contract and the Trial Court of Bobigny awarded damages on September 21, 2004.[81]

On appeal, AFPA alleged that it was entitled to rescission under Article 1184 of the French Civil Code.[82] AFPA also sought restitution of amounts paid under the contract.[83] The Court of Appeals of Paris agreed and overturned the lower court's ruling on September 16, 2009.[84] The court determined that EDU 4 breached its contractual obligations by, *inter alia*, delivering software that did not satisfy the notice and attribution requirements of the GPL.[85] Because EDU 4 did not provide AFPA with the source code for its modifications to the VNC software despite repeated requests from both AFPA and FSF France, the court also determined that EDU 4 could not assert that it made a compliant delivery of software.[86] This was the first time that the French courts treated the GPL as enforceable and binding.[87]

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78 *Id.* at 6.

79 *Paris Court of Appeals Condemns Edu4 for Violating the GNU General Public License*, *supra* note 11.

80 CA Paris, Sept. 16, 2009, No. 04/24298, 5 (Fr.).

81 *See id.* at 2.

82 *See* CODE CIVIL [C. CIV.] art. 1184 (Fr.), *translated in* THE CODE NAPOLEON 237 (Neill H. Alford, Jr. et al. eds., 1983).

83 CA Paris, Sept. 16, 2009, No. 04/24298, at 2.

84 *Id.* at 8.

85 *Id.* at 6.

86 *Id.* at 7-8; *see Paris Court of Appeals Condemns Edu4 for Violating the GNU General Public License*, *supra* note 11.

87 *See* Mark Radcliffe, *French Court Indirectly Finds the GPL Enforceable for the First Time*, LAW & LIFE: SILICON VALLEY (Sept. 30, 2009), http://lawandlifesiliconvalley.com/blog/?p=285.

Two additional aspects of this decision bear mention here. First, the decision established that, under French civil law, an end-user of software licensed under the GPL can seek judicial relief for noncompliance with its terms, based on rights granted to that downstream licensee by the copyright owner.[88] While this ruling does not automatically bestow standing on an unlimited class of potential enforcers in United States courts, it serves as a reminder that the FSF is not the only party that can enforce the GPL.[89] Further, many contracts between software licensors and their customers contain warranties of noninfringement and other terms that enable the customer to claim monetary damages for the licensor's unauthorized distribution of third-party intellectual property, if not specific performance obligating the licensor to remediate the infringement.[90] The existence of these commercial terms can have the same practical impact in federal court as the AFPA's claim for rescission under French civil law.

Second, the appeals court's ruling concerned software preloaded on a personal computer, unlike the German cases governing firmware on routers, appliances, and other hardware.[91] The investigative focus of free and open-

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88 *Paris Court of Appeals Condemns Edu4 for Violating the GNU General Public License*, *supra* note 11.

89 SCO notoriously argued to the contrary in its Answer to IBM's Amended Counterclaims against IBM in a 2003 case, contending that IBM lacked standing to enforce the GPL because it failed to join the FSF as a necessary party to the claim. SCO subsequently dropped this defense in its Answer to IBM's Second Amended Counterclaims. *Compare* SCO's Answer to IBM's Amended Counterclaims at 17, SCO Grp., Inc. v. IBM Corp., No. 03-CV-294 (D. Utah Oct. 24, 2003) (alleging a lack of standing as an affirmative defense), *with* SCO's Answer to IBM's Second Amended Counterclaims at 20, SCO Grp., Inc. v. IBM Corp., No. 03-cv-294 (D. Utah Apr. 23, 2004) (omitting this argument).

90 The Uniform Computer Information Transactions Act contains a waivable warranty of non-infringement, modeled on the Uniform Commercial Code. *See* UNIF. COMPUTER INFO. TRANSACTIONS ACT § 401 (1999); *Uniform Computer Information Transactions Act ("UCITA") Approved by National Conference of Commissioners on Uniform State Laws*, REED SMITH LLP (Sept. 2, 1999), http://www.reedsmith.com/library/search_library.cfm?FaArea1=CustomWidgets.content_view_1&cit_id=2421 (comparing UCITA with the UCC).

91 *Compare* Cour d'appel [CA] [regional court of appeal] Paris, 10e ch., Sept. 16, 2009, No. 04/24298, 4 (Fr.), *available at* FSF FRANCE, http://fsffrance.org/news/arret-ca-paris-16.09.2009.pdf (program at issue involved software installed in workstations) *with* Landgericht München I [LG München I]

source software advocates has clearly broadened to include non-embedded software that can readily be distributed independently of hardware. This reinforces the need to comprehend how expansively the open-source proponents may scrutinize applications, middleware, and utilities to assess their incorporation of open-source code and the parameters they will apply to determine whether the software is a derivative work of code originally licensed under a free or open-source software license.

V. COMING TO AMERICA

The American free software movement continued to gather steam, invigorated by the achievements of their European counterparts. In 2005, Eben Moglen, a professor at Columbia University Law School and longtime legal advisor to the Free Software Foundation, founded the Software Freedom Law Center ("SFLC"), a nonprofit organization dedicated to providing legal representation for advocates of free and open-source software.[92] On September 19, 2007, the SFLC and two developers of the popular BusyBox UNIX utilities sued Monsoon Multimedia ("Monsoon") in the Federal District Court for the Southern District of New York ("S.D.N.Y."), in the first federal action for copyright infringement brought in the United States based on an alleged violation of the GPL.[93] The plaintiffs sought actual damages, attorney fees, and injunctive relief.[94]

[District Court of Munich I] May 19, 2004, No. 21 O6123/04, at 6 (Ger.), *available at* JASCHINSKI BIERE BREXL RECHTSANWAELTE, http://www.jbb.de/fileadmin/download/urteil_lg_muenchen_gpl.pdf, *translated in* Thorsten Feldman, JASCHINSKI BIERE BREXL RECHTSANWAELTE, http://www.jbb.de/fileadmin/download/judgment_dc_munich_gpl.pdf (program at issue involved firmware built into operating system of a router).

92 *Eben Moglen*, OPEN WORLD FORUM, http://www.openworldforum.org/attend/speakers/eben-moglen (last visited Dec. 4, 2010).

93 Complaint at 1, Andersen v. Monsoon Multimedia, Inc., No. 07-CV-8205 (S.D.N.Y. Sept. 19, 2007), *available at* http://www.softwarefreedom.org/news/2007/sep/20/busybox/complaint.pdf; *see On Behalf of BusyBox Developers, SFLC Files First Ever U.S. GPL Violation Lawsuit*, SOFTWARE FREEDOM LAW CTR. (Sept. 20, 2007), http://www.softwarefreedom.org/news/2007/sep/20/busybox/.

94 Complaint, *supra* note 93, at 1. It is not clear from the *Monsoon* filings why the developers did not seek statutory damages under the Copyright Act, but it is possible that they had not yet satisfied the registration requirements for that remedy. *See* 17 U.S.C. §§ 412, 504(c) (2006).

BusyBox, the "Swiss Army Knife of Embedded Linux," is a single executable program comprised of numerous, bare-bone UNIX utilities for devices such as cell phones and PDAs.[95] BusyBox is distributed under the terms of the GPL Version 2, which requires that re-distributors of a GPL-licensed program give recipients access to the corresponding source code.[96] The plaintiffs alleged that Monsoon improperly failed to make available the source code for the firmware embedded on its media devices, though Monsoon acknowledged on its online support forum that its firmware included BusyBox code and it was otherwise providing the firmware for download in object form.[97] Plaintiffs also claimed that the only permission Monsoon had to distribute BusyBox software was pursuant to the GPL, characterizing that permission as "contingent" on Monsoon's compliance with its terms.[98]

The parties settled the case on October 30, 2007, just six weeks after BusyBox filed the complaint.[99] In addition to the payment of an undisclosed sum, Monsoon agreed to appoint an open-source compliance officer, publish the source code for the BusyBox software it had distributed, and notify previous recipients of the software of their rights under the GPL.[100] The victory inspired the plaintiffs and their counsel to file a rapid stream of separate, nearly identical copyright infringement claims in the S.D.N.Y. against Verizon Communications, High-Gain Antennas, L.L.C., and Xterasys Corporation.[101] Like Monsoon, each

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95 Complaint, *supra* note 93, at ¶ 6; *BusyBox—The Swiss Army Knife of Embedded Linux*, BUSYBOX, http://www.busybox.net/downloads/BusyBox.html (last visited Dec. 4, 2010).

96 *GNU General Public License, Version 2*, *supra* note 45 (requiring distribution of copies make it so users "receive or can get the source code").

97 Complaint, *supra* note 93, at ¶¶ 11, 15.

98 *Id.* at ¶ 12.

99 *See BusyBox Developers and Monsoon Multimedia Agree to Dismiss GPL Lawsuit*, SOFTWARE FREEDOM LAW CTR. (Oct. 30, 2007), http://www.softwarefreedom.org/news/2007/oct/30/busybox-monsoon-settlement/.

100 *Id.*; *see* Stephen Stallman, *BusyBox Settles Monsoon GPL Lawsuit*, CNET (Oct. 31, 2007, 9:45 AM), http://news.cnet.com/8301-13580_3-9808378-39.html (noting that the case signals "a new assertiveness on the part of open source programmers").

101 BusyBox filed against High-Gain Antennas, L.L.C. and Xterasys Corporation on November 19, 2007, and against Verizon Communications on December 6, 2007; all three cases involved the distribution of routers and gateways

defendant quickly agreed to comply with the GPL by publishing the source code for the firmware, and the cases settled under terms substantially similar to those in the *Monsoon* litigation.[102]

On December 11, 2008, the FSF, represented by the SFLC, brought suit in the S.D.N.Y. for copyright infringement against Cisco Systems, Inc.[103] The *Cisco* case was the first U.S.-based enforcement action filed by the FSF and the first case prosecuted by the SFLC involving open-source software other than BusyBox.[104] The FSF alleged that Cisco infringed the FSF's copyrights in various GNU tools licensed under either the GPL or the GNU LGPL when the company distributed Linksys routers and other products embedding the GNU software, but failed to give its users access to corresponding source code as required by those licenses.[105] The complaint also set forth a more aggressive stance than that of the earlier BusyBox litigation, explicitly invoking the automatic termination clause of the GPL and LGPL and contending that Cisco lost all rights to redistribute the GNU software or any modifications thereto "the instant that [it] made noncompliant distribution of the Program in its Infringing Products or Firmware."[106]

These tactics followed evidently unproductive exchanges regarding the alleged violations between the FSF and Linksys for several years before the lawsuit.[107] In a statement announcing the filing, the FSF explained its disappointment with the earlier compliance efforts:

> We began working with Cisco in 2003 to help them establish a process for complying with our software licenses, and the initial

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with BusyBox embedded in the firmware. *See* Vaughn-Nichols, *supra* note 30.

102 *See BusyBox Developers and Monsoon Multimedia Agree to Dismiss GPL Lawsuit*, *supra* note 31.

103 *See* Complaint at 1, Free Software Found., Inc. v. Cisco Sys., Inc., No. 08-CV-10764 (S.D.N.Y. Dec. 11, 2008), *available at* http://scofacts.org/FSF-vs-Cisco-1.pdf.

104 *See* Ryan Paul, *Free Software Foundation Lawsuit Against Cisco a First*, ARS TECHNICA, http://arstechnica.com/open-source/news/2008/12/free-software-foundation-lawsuit-against-cisco-a-first.ars (last updated Dec. 11, 2008).

105 Complaint, *supra* note 103, at ¶ 26.

106 *Id.* ¶ 28.

107 *Id.* ¶¶ 29–42.

> changes were very promising," explained Brett Smith, licensing compliance engineer at the FSF. "Unfortunately, they never put in the effort that was necessary to finish the process, and now five years later we have still not seen a plan for compliance. As a result, we believe that legal action is the best way to restore the rights we grant to all users of our software.[108]

Queries about Linksys' compliance with the GPL were rampant on developer blogs and forums when Cisco acquired the privately held company for $500 million in June 2003; the larger corporation apparently failed to "meaningfully improve" upon those licensing practices when the FSF continued its discussions with the new parent company.[109]

Shortly thereafter, and before Cisco was required to formally respond to the FSF's complaint, the FSF announced that the parties had settled the dispute.[110] Cisco and the FSF jointly announced the terms of the settlement, which included Cisco's agreement to: (1) appoint a Free Software Director for Linksys to supervise the subsidiary's compliance with the requirements of free software licenses; (2) report periodically to the FSF regarding Linksys' compliance efforts; (3) notify recipients of Linksys products of their rights under the GPL and other applicable licenses; (4) publish licensing notices online and in product documentation; (5) make source code for FSF software used with current Linksys products freely available on its website; and (6) make an unspecified monetary contribution to the FSF.[111]

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[108] *Free Software Foundation Files Suit Against Cisco For GPL Violations*, FREE SOFTWARE FOUND., INC. (Dec. 11, 2008), http://www.fsf.org/news/2008-12-cisco-suit.

[109] *See* Complaint at ¶ 42, Free Software Found., Inc. v. Cisco Sys., Inc., No. 08-CV-10764 (S.D.N.Y. Dec. 11, 2008), *available at* http://scofacts.org/FSF-vs-Cisco-1.pdf; *see also* Daniel Lyons, *Linux's Hit Men*, FORBES (Oct. 14, 2003, 7:00 AM), http://www.forbes.com/2003/10/14/cz_dl_1014linksys.html; Rob Flickenger, *Linux and Linksys: the Saga Continues*, O'REILLY (Aug. 12, 2003, 6:49 PM), http://www.oreillynet.com/etel/blog/2003/08/linux_and_linksys_the_saga_con.html; Corbet, *Embedded Linux and the GPL*, LWN.NET (June 10, 2003), http://lwn.net/Articles/35712/.

[110] Brett Smith, *FSF Settles Suit Against Cisco*, FREE SOFTWARE FOUND., INC. (May 20, 2009), http://www.fsf.org/news/2009-05-cisco-settlement.html.

[111] *Id.*

While the list of conquests by the FSF and SFLC is impressive and there is no reason to expect that the trend of filings will ebb, the litigation is not without controversy in the open-source community. Rob Landley—the second plaintiff in the watershed *Monsoon* case—disengaged from the SFLC in December 2008 and refused to participate in any subsequent litigation.[112] Landley disliked what he called "ivory tower idealism with a negative pragmatic result," and he did not recognize any substantive benefit to BusyBox from the settlements.[113] Other developers are raising concerns about the SFLC's decision to keep settlement agreements under seal, a concept they perceive as counter to the objectives of an open community rather than a nod to defendants who do not wish to broadcast the amount of damages paid.[114]

Ironically, the most recent expression of misgivings about the SFLC is from Bruce Perens, a co-founder of the Open Source Initiative and BusyBox developer who has openly warred with Landley for several years over the pedigree of that code.[115] On December 15, 2009, Perens released a statement asserting that he was the creator of the original BusyBox code base and that the SFLC did not represent his interests in the ongoing enforcement actions.[116] Perens contended:

> The version 0.60.3 of Busybox upon which Mr. Andersen claims copyright registration in the lawsuits is to a great extent my own work and that of other developers. I am not party to the registration . . . . Mr. Andersen, his past employers and Mr. Landley appear to have removed some of the copyright statements of other Busybox developers, and appear to have altered license statements, in apparent violation of various laws. . . . Much as other Busybox developers wish to support the general cause of getting companies to comply with simple Free Software Licenses, some of the other developers and I are becoming annoyed with Mr. Andersen and Mr. Landley's

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112 Rob Landley, Archive of Note Entries from Dec. 15, 2009, http://landley.net/notes-2009.html#15-12-2009 (last visited Dec. 4, 2010).

113 Rob Landley, *The Big Questions*, LWN.NET (Dec. 19, 2009, 8:22 AM), http://lwn.net/Articles/367463/ (emphasis omitted).

114 *Id.*

115 Bruce Perens, *Statement on Busybox Lawsuits* (Dec. 15, 2009, 5:02 PM), http://perens.com/blog/d/2009/12/15/23/; *see also* Landley, *supra* note 113.

116 Perens, *supra* note 115.

> apparent violation of our own rights, and SFLC's treatment of our interest. We have held off, to date, to avoid confusing issues, but our patience is limited.[117]

He was joined on another bulletin board by longtime BusyBox maintainer Dave Cinege, who also expressed his unhappiness with the SFLC and expressly stated that he believed Andersen was subject to legal action for his own violations of the GPL:

> Anderson [sic] is claiming complete Copyright [sic] and that is simply an impossibility. As far as I am concerned, this claim is a GPL violation in and of itself.[118]

> [H]e is in violation of Section 1 GPLv2, and has lost his privileges to the software according to Section 4 GPLv2. In this case Anderson lacks standing to bring suit and he himself is open to an action. One must wonder why the SFLC is working with Anderson when they have been aware that both Bruce and myself have more senior claims to the original work without the "issues" Anderson has. As Bruce has written we've basically been snubbed by them.[119]

Perens and Cinege raise interesting questions as to the validity of the copyright registrations that may have been relied upon in some of the BusyBox cases. Further, the Free Software Foundation itself issued guidance strongly suggesting that the removal of copyright notices from GPL-licensed source code without the consent of the copyright owner would be an unauthorized modification of that code.[120] If an entity redistributing the GPL-licensed code for

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117 *Id.*

118 Dave Cinege, Comment to *Busybox Developer Responds to Andersen-SFLC Lawsuits*, SLASHDOT (Dec. 15, 2009, 4:55 PM), http://yro.slashdot.org/comments.pl?sid=1479552&cid=30449614.

119 Dave Cinege, Comment to *Busybox Developer Responds to Andersen-SFLC Lawsuits*, SLASHDOT (Dec. 15, 2009, 11:13 PM), http://yro.slashdot.org/comments.pl?sid=1479552&cid=30453552.

120 *Frequently Asked Questions about the GNU Licenses*, FREE SOFTWARE FOUND., INC. http://www.gnu.org/licenses/gpl-faq.html?sess=bf533ea338dd987ba57fe7f7c2b3b30e#IWantCredit (last updated July 28, 2010) ("Part of releasing a program under the GPL is writing a copyright notice in your own name

profit intentionally deleted copyright notices, such conduct would almost certainly generate a violation report, as in the AFPA litigation before the Paris appeals court and vigorously pursued by FSF France.[121] Cinege's proposed application of the automatic termination clause with respect to Andersen is thus not inconsistent with policies implemented to date by the FSF and its allies. And it would be unwise to disregard Perens' subject matter expertise, which was immediately called upon by the triumphant appellant following the Federal Circuit's landmark decision verifying the remedies available to open source licensors.

VI. FULL STEAM AHEAD AT THE FEDERAL CIRCUIT

Less than a year after the *Monsoon* case, a federal appellate court enforced an open-source license for the first time.[122] The United States Court of Appeals for the Federal Circuit considered "the ability of a copyright holder to dedicate certain work to free public use and yet enforce an 'open source' copyright license to control the future distribution and modification of that work."[123] Reversing the district court, the Court of Appeals for the Federal Circuit held that because the terms of the open-source license were both covenants and conditions, the copyright holder had granted a limited license that entitled it to seek remedies for both breach of contract and copyright

(assuming you are the copyright holder). The GPL requires all copies to carry an appropriate copyright notice.").

121 *See supra* Section IV.

122 An earlier opinion from the United States Court of Appeals for the Seventh Circuit stated, without holding, that "[c]opyright law, usually the basis of limiting reproduction in order to collect a fee, ensures that open-source software remains free: any attempt to sell a derivative work will violate the copyright laws, even if the improver has not accepted the GPL." Wallace v. IBM Corp., 467 F.3d 1104, 1105–06, 80 U.S.P.Q.2d (BNA) 1956, 1957 (7th Cir. 2006). In that case, Wallace alleged that IBM, Red Hat, and Novell conspired to eliminate competition in the operating system market by making Linux available at no charge and that the GPL's requirement in this regard constituted illegal price-fixing. The Seventh Circuit held that the GNU GPL did not restrain trade or violate the federal antitrust laws. *Id.* at 1107–08, 80 U.S.P.Q.2d (BNA) at 1958.

123 Jacobsen v. Katzer, 535 F.3d 1373, 1375, 87 U.S.P.Q.2d (BNA) 1836, 1837 (Fed. Cir. 2008).

infringement.[124] This case is a clear indicator of a somewhat newly crystallized view of the viability of open-source licenses in the United States.

Palsgraf v. Long Island Railroad Co. set the standard for determining foreseeability in negligence cases when a package full of unexpected fireworks fell and exploded at a railroad station.[125] It was the model railroad enthusiasts that set the fireworks ablaze in *Jacobsen*, the new standard for the enforceability of open-source licenses. Robert Jacobsen and similarly minded developers collaborated in an open-source software project called Java Model Railroad Interface ("JMRI").[126] JMRI created and distributed Java-based applications, including the DecoderPro tool, which allows model railroad enthusiasts to program decoder chips that control the trains.[127] At the time of the subject lawsuit, DecoderPro was available for download from the JMRI site under the terms of Artistic License.[128]

Katzer, who developed commercial software products for the model train industry, offered a proprietary software product, Decoder Commander, which was also used to program decoder chips.[129] Katzer, the owner of Kamind Associates, Inc. ("Kamind"), contended that JMRI software infringed two patents held by Kamind and sent Jacobsen numerous letters seeking the payment of royalties.[130] Investigating, Jacobsen determined that Katzer/Kamind had included definition files from the DecoderPro code in the Decoder Commander software in apparent noncompliance with the Artistic License.[131] In particular, the Decoder Commander software did not include: "(1) the author' [sic] names, (2) JMRI copyright notices, (3) references to the COPYING file, (4) an identification of SourceForge or JMRI as the original source of the definition files, and (5) a description of how the files or computer code had been changed from

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124 *Id.* at 1381-83, 87 U.S.P.Q.2d (BNA) at 1841–42.

125 *See* 162 N.E. 99, 99 (N.Y. 1928).

126 *Jacobsen*, 535 F.3d at 1376, 87 U.S.P.Q.2d (BNA) at 1837.

127 *Id.* at 1376, 87 U.S.P.Q.2d (BNA) at 1837–38.

128 *Id.* at 1376, 87 U.S.P.Q.2d (BNA) at 1838.

129 *Id.*

130 *See* Letter from Kevin L. Russell for Robert G. Jacobsen, at 2 (Mar. 8, 2005), *available at* http://jmri.org/k/correspondence/20050308-KAM.pdf.

131 *Jacobsen*, 535 F.3d at 1376, 87 U.S.P.Q.2d (BNA) at 1838.

the original source code."[132] Katzer/Kamind had also modified DecoderPro file names without referencing the original JMRI files or explaining where they could be located.[133]

Jacobsen sued Katzer and Kamind in the United States District Court for the Northern District of California for copyright infringement, based on the defendants' failure to abide by the terms of the Artistic License, and sought a preliminary injunction to halt distribution of the Decoder Commander software.[134] Jacobsen employed a similar litigation strategy to that followed by Harald Welte in the German courts, recognizing that equitable relief could be a powerful motivational tool, while acknowledging that monetary damages arising from the unauthorized distribution of free software could be speculative.[135] Like Welte, Jacobsen also found an attorney dedicated to the cause, this time in the person of Victoria Hall; she had regularly provided *pro bono* advice to the Electronic Frontier Foundation and was willing to assist Jacobsen at no charge.[136]

The district court, however, held that the Artistic License was an "intentionally broad" nonexclusive license that was unlimited in scope.[137] The district court thus concluded that no liability for copyright infringement could attach and denied Jacobsen's request for a preliminary injunction:

> …[T]he JMRI Project license provides that a user may copy the files verbatim or may otherwise modify the material in any way, including as part of a larger, possibly commercial software distribution. The license explicitly gives the users of the material, any member of the public, "the right to use and distribute the [material] in a more-or-less customary fashion,

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132 *Id.*

133 *Id.* at 1376–77, 87 U.S.P.Q.2d (BNA) at 1838.

134 Jacobsen v. Katzer, No. 06-CV-01905-JSW, 2007 WL 2358628 at *1 (N.D. Cal. Aug. 17, 2007), *vacated in part* 535 F.3d 1373, 87 U.S.P.Q.2d (BNA) 1836 (Fed. Cir. 2008).

135 *Jacobsen*, 535 F.3d at 1383, 87 U.S.P.Q.2d (BNA) at 1842 n.6 (noting that "[a]t oral argument, the parties admitted that there might be no way to calculate any monetary damages under a contract theory").

136 Bruce Perens, *Inside Open Source's Historic Victory*, DATAMATION (Feb. 22, 2010), http://itmanagement.earthweb.com/features/article.php/3866316/Bruce-Perens-Inside-Open-Sources-Historic-Victory.htm.

137 *Jacobsen*, 2007 WL 2358628 at *7.

> plus the right to make reasonable accommodations." The scope of the nonexclusive license is, therefore, intentionally broad.[138]

The court determined that to the extent Jacobsen had a potential remedy for Katzer's unauthorized distribution of the DecoderPro files, the appropriate cause of action was breach of contract, not copyright infringement.[139]

On appeal, the Federal Circuit vacated and remanded the district court's decision.[140] The appeals court noted, as a *practical* matter, that "[o]pen source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago."[141] The court offered an illustration of the popularity and prevalence of software and other content distributed under public licenses:

> For example, the Massachusetts Institute of Technology ("MIT") uses a Creative Commons public license for an OpenCourseWare project that licenses all 1800 MIT courses. Other public licenses support the GNU/Linux operating system, the Perl programming language, the Apache web server programs, the Firefox web browser, and a collaborative web-based encyclopedia called Wikipedia. Creative Commons notes that, by some estimates, there are close to 100,000,000 works licensed under various Creative Commons licenses. The Wikimedia Foundation, another of the *amici curiae*, estimates that the Wikipedia website has more than 75,000 active contributors

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138 *Id.* (quoting Supplemental Declaration of Robert Jacobsen in Support of Motion for Preliminary Injunction at Ex. A, Jacobsen v. Katzer, No. 06-CV-01905-JSW, (N.D. Cal. Nov. 17, 2006) ("The intent of [the GNU Artistic License] is to state the conditions under which [the files and derivatives thereof] may be copied, such that the Copyright Holder maintains some semblance of artistic control over the development of the package, while giving the users of the package the right to use and distribute the Package in a more-or-less customary fashion, plus the right to make reasonable modifications.")).

139 *Id.*

140 *Jacobsen*, 535 F.3d at 1383, 87 U.S.P.Q.2d (BNA) at 1842.

141 *Id.* at 1378, 87 U.S.P.Q.2d (BNA) at 1839.

> working on some 9,000,000 articles in more than 250 languages.[142]

The Federal Circuit also highlighted the benefits of open-source licenses "that range far beyond traditional license royalties," including the expansion of market share for proprietary licensors who are willing to offer certain components at no charge, gain of reputation, and the ability to exploit additional development resources for more rapid and less costly product enhancements.[143]

The court's *legal* analysis focused on the issue of whether the terms of the Artistic License were covenants to or conditions of the license to use the DecoderPro software.[144] Specifically, the Federal Circuit explained that if the license terms constituted conditions of use, then those conditions could limit the scope of the license and enable the licensor to bring a claim of copyright infringement against a licensee that acted outside its scope.[145] The court found that the Artistic License's explicit reference to the creation of "conditions," the use of the phrase "provided that" when characterizing the license grant, and the critical nature of the license requirements in helping the copyright holder benefit from the subsequent redistribution of the software, all supported the characterization of these terms as conditions.[146]

Accordingly, the Federal Circuit determined that the district court erred in failing to treat the express limitations in the Artistic License on an end-user's right to copy, distribute, and modify as conditions of the license.[147] The appellate court thus explicitly confirmed the potential remedies available to a copyright owner for the violation of an open-source license included those for breach of

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142 *Id.*

143 *Id.* at 1379–81, 87 U.S.P.Q.2d (BNA) at 1840. The court further noted that that "[t]he choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition." *Id.* at 1382, 87 U.S.P.Q.2d (BNA) at 1842.

144 *Id.* at 1380, 87 U.S.P.Q.2d (BNA) at 1840.

145 *Id.* at 1381, 87 U.S.P.Q.2d (BNA) at 1841.

146 *Id.* at 1382, 87 U.S.P.Q.2d (BNA) at 1842 ("The clear language of the Artistic License creates conditions to protect the economic rights at issue in the granting of a public license.").

147 *Id.* at 1382–83, 87 U.S.P.Q.2d (BNA) at 1842.

contract and for copyright infringement.[148] It directed the district court to reconsider the motion for preliminary injunction and make factual findings on whether Jacobsen satisfied the criteria for the issuance of equitable relief.[149]

Upon remand, the court again denied the request for a preliminary injunction, and Jacobsen filed an appeal with the Federal Circuit.[150] The parties also continued to pursue the district court litigation vigorously, filing cross motions for summary judgment on October 30, 2009.[151] Jacobsen engaged several expert witnesses to provide written testimony on the critical importance of copyright notices and attributions in open-source code and the irreparable harm

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148 In addition to his claim for copyright infringement, Jacobsen also alleged that Katzer had violated the Digital Millennium Copyright Act ("DMCA"). Jacobsen v. Katzer, 93 U.S.P.Q.2d (BNA) 1236, 1238 (N.D. Cal. 2009). Jacobsen specifically alleged that notices and attributions in the original JMRI source code constituted "copyright management information" ("CMI") within the meaning of the DMCA, and that the defendants violated 17 U.S.C. § 1202(b) by removing those notices prior to re-distribution of the software. *Id.* at 1242. The statute, which has as a primary objective protection of the integrity of CMI, includes the information in copyright notices, the name and other identifiers of the work's author, the name and other identifiers of the work's copyright owner, and terms and conditions for use of the work. *See* 17 U.S.C. § 1202(c) (2006). Jacobsen contended that for purposes of the DecoderPro files, the "author's name, a title, a reference to the license and where to find the license, a copyright notice, and the copyright owner" were CMI. *Jacobsen*, 93 U.S.P.Q.2d (BNA) at 1242. The district court agreed this information was "CMI" and found that defendants' removal thereof met certain elements of a DMCA violation, but it did not resolve the ultimate issue prior to the parties' settlement of the case. *Id.* at 1242–43. Nevertheless, the case highlights the potential applicability of the DMCA in instances where copyright or licensing notices have been removed; criminal penalties including fines and imprisonment could result from the willful removal of CMI "for purposes of commercial advantage." 17 U.S.C. §§ 1202(b), 1204(a).

149 *Jacobsen*, 535 F.3d at 1382–83, 87 U.S.P.Q.2d (BNA) at 1842.

150 *See JMRI Defense: Our Story So Far*, JMRI COMMUNITY, http://jmri.sourceforge.net/k/History.shtml (last visited Dec. 4, 2010) (providing a detailed chronology of the events in this case).

151 *See* Defendants Matthew Katzer and Kamind Associates, Inc.'s Motion for Partial Summary Judgment, Jacobsen v. Katzer, No. 06-CV-1905-JSW (N.D. Cal. Oct. 30, 2009) (Docket entry no. 352); Motion for Summary Judgment, *Jacobsen* (N.D. Cal. Oct. 30, 2009) (Docket entry no. 343).

caused by the ongoing distribution of infringing open-source software; one such witness was BusyBox developer Bruce Perens.[152]

Following a ruling on both parties' motions for summary judgment that heavily favored Jacobsen, the parties settled the litigation on February 17, 2010.[153] Rather than continuing to distribute the DetectorPro files and implementing remedial steps to comply with the Artistic License, Katzer/Kamind consented to a permanent injunction, which prohibited them from reproducing, modifying, or distributing JMRI materials.[154] Katzer/Kamind also agreed to pay Jacobsen the sum of $100,000.[155] JMRI independently forswore the Artistic License and adopted the GPL Version 2 for all of its applications.[156]

VII. RECENT ENFORCEMENT ACTIONS IN U.S. COURTS CONTINUE TO FOLLOW PATTERNS FORMED IN EUROPEAN COURTS

In December 2009, Andersen and the Software Freedom Conservancy,[157] again represented by the SFLC, sued Best Buy Co., Samsung Electronics America, and twelve other companies in the S.D.N.Y. for copyright infringement arising

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152 Perens, *supra* note 136; *see* discussion *supra* Section V.

153 *See* Joint Administrative Motion Regarding Settlement, *Jacobsen* (N.D. Cal. Feb 18, 2010), *available at* http://jmri.org/docket/402.pdf.

154 *Id*. Ex. A, 4.

155 *Id*. Ex. A, 5.

156 *See JMRI: Technical* Info, JMRI COMMUNITY, http://www.jmri.org/help/en/html/doc/Technical/index.shtml#use (last visited Dec. 4, 2010).

157 Founded in 2006, the Software Freedom Conservancy is an outgrowth of the Software Freedom Law Center and is a self-described "fiscal sponsor" for open source projects that elect to transfer their assets to this 501(c)(3) organization. *Software Freedom Law Center Launches Conservancy*, SOFTWARE FREEDOM CONSERVANCY (Apr. 3, 2006), http://conservancy.softwarefreedom.org/news/2006/apr/03/conservancy-launch/ (April 3, 2006) [hereinafter SOFTWARE FREEDOM CONSERVANCY, *Launches*]. The Conservancy, a 501(c)(3) organization, performs free financial and administrative services for the projects and asserts that its corporate shield will protect the software contributors from personal liability. *Overview*, SOFTWARE FREEDOM CONSERVANCY, http://conservancy.softwarefreedom.org/overview/ (last visited Dec. 4, 2010). "All of these benefits are currently provided for free." *Id*. BusyBox was one of the first projects to join the Conservancy. *See* SOFTWARE FREEDOM CONSERVANCY, *Launches*, *supra*.

from their redistribution of the BusyBox program.[158] As of the date of this Article, the case is proceeding and the district court recently set a schedule for standard pre-trial and discovery activities.[159] Notably, the defendants in *Best Buy* reserved their right to seek a *jury* trial on the issues,[160] perhaps believing that the laymen on a jury would look unfavorably on this extension of free software philosophy; this would be the first federal case in which a jury would serve as decision-maker for an open-source enforcement action.

Three additional procedural aspects of this case are noteworthy, even as the case remains in its early stages. First, *Best Buy* emphasizes that open-source licenses are being enforced not only against software providers and hardware manufacturers, but distributors of devices that contain open-source software. Best Buy, for example, is alleged to have distributed a "Blu-ray Disc Player" infringing Andersen's copyright in the BusyBox code.[161] Discovery in the case will likely show that Best Buy had no role in determining which software or firmware was used in the disc player or was not even aware of its inclusion.

Second, counter to the reaction to earlier cases filed by the SFLC, only one of fourteen defendants in *Best Buy* settled the suit before the due date for formally responding to the complaint.[162] The remaining defendants each filed a

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158 Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ-10155-SAS, 2010 WL 2985320 at *1 (S.D.N.Y. July 27, 2010).

159 *See* Scheduling Order, Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ-10155-SAS (S.D.N.Y. Feb. 22, 2010). Most recently, the parties disputed whether to join the successor in interest to defendant Westinghouse Digital. *See* Memorandum of Law in Support of Plaintff's Motion to Join Successors in Interest of Defendant Westinghouse Digital Electronics, LLC at 2–3, *Software Freedom Conservancy, Inc.* (S.D.N.Y. Aug. 9, 2010).

160 Defendant Best Buy Co., Inc's Answer to Plaintiff's Original Complaint at 8, Software Freedom Conservancy, Inc. v. Best Buy. Co., Inc., No. 09-Civ.-10155-SAS (S.D.N.Y. Mar. 8, 2010).

161 Complaint at 8, Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ.-10155-SAS (S.D.N.Y. Dec. 14, 2009).

162 More recently, five defendants were voluntarily dismissed and appear to have settled: Samsung Electronics America, Inc., Dobbs-Stanford Corporation, Humax USA Inc., Astak Inc., and Robert Bosch LLC. *See* Stipulation of Dismissal, Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ.-10155-SAS (S.D.N.Y. May 12, 2010) (Samsung); Order of Dismissal, *Software Freedom Conservancy, Inc.* (S.D.N.Y. May 12, 2010)

timely "answer" under Federal Rule of Civil Procedure 12(a).[163] No defendant filed a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6), alleging, for example, that the GPL was unenforceable as a matter of law. The defendants' procedural strategy suggests that they are cognizant of earlier decisions upholding the enforceability of open-source licenses.

However, the defendants denied copyright infringement and raised numerous affirmative defenses yet to be considered by a federal court in a claim seeking the enforcement of a free or open-source license.[164] For example, Best Buy raised seven affirmative defenses that include a challenge to the plaintiffs' standing to bring the suit and a "fair use" defense.[165] Best Buy also filed a counterclaim seeking a declaratory judgment that it does not infringe any copyright in the BusyBox code.[166] This forceful approach may be the result of Best Buy observing the previously referenced disputes within the open-source community regarding the ownership of such copyright; it will be enlightening to see who Best Buy names to its witness list.

Third, failing to participate in the discovery phase of an action seeking enforcement of an open-source license can be costly. On July 27, 2010, the S.D.N.Y. granted the SFLC's motion for a default judgment of copyright infringement against Westinghouse Digital Electronics, LLC even though the defendant answered the complaint, made initial disclosures, and executed a General Assignment for the benefit of creditors (an alternative to bankruptcy under California state law).[167] Less than one week later, the district court

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(Dobbs-Stanford); Stipulation of Voluntary Dismissal, Software *Freedom Conservancy, Inc.* (S.D.N.Y. June 24, 2010) (Humax); Notice of Voluntary Dismissal, *Software Freedom Conservancy, Inc.* (S.D.N.Y. Sept. 8, 2010) (Astak); Stipulation of Dismissal, *Software Freedom Conservancy, Inc.* (S.D.N.Y. Sept. 13, 2010) (Bosch).

163 For a detailed listing of the files on this docket with links to download PDF copies of filings, see *Software Freedom Conservancy, Inc. v. Best Buy Co., Inc. et al*, THE RECAP ARCHIVE, http://archive.recapthelaw.org/nysd/355978/ (last updated Aug. 26, 2010).

164 *See id.* (making available Answers for download).

165 Defendant Best Buy Co., Inc's Answer to Plaintiff's Original Complaint, *supra* note 160, at 6.

166 *Id.* at 8.

167 Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ-10155-SAS, 2010 WL 2985320 at *1 (S.D.N.Y. July 27, 2010).

awarded the SFLC all requested attorney fees and costs: $47,010 in fees and $675 in costs.[168]

In addition to attorney fees and costs, the court awarded the SFLC its full measure of requested relief, including:

1) a permanent injunction against Westinghouse copying, distributing, or using BusyBox without permission;

2) a finding that Westinghouse's infringement was willful;

3) statutory damages of $30,000 (*i.e.*, the maximum statutory damage award for a single act of infringement);

4) enhanced statutory damages of an additional $60,000 (bringing the total monetary award to $90,000); and

5) a judicial order requiring Westinghouse to forfeit its HDTV products containing BusyBox that are now in Westinghouse's possession—more specifically, the court ordered Westinghouse to deliver all infringing articles to SFLC so that they can be donated to charity.[169]

This case is certain to be closely watched by the open-source community and the corporate users of their software, particularly in view of the early remedies awarded by the S.D.N.Y., many of which are believed to be the first of their kind in United States open-source license enforcement actions.

VIII. CONCLUSION

Since 2005, authority supporting the enforceability of open-source licenses in the United States has matured, in large part due to groundbreaking and unwavering decisions by European courts. So too have the recognized scope of remedies available to the licensor and, perhaps, even the range of other affected parties who can pursue such enforcement. Although the European decisions have not been cited directly in opinions by federal courts, they certainly have left their mark on our jurisprudence.

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[168] Order at 2, Software Freedom Conservancy, Inc. v. Best Buy Co., Inc., No. 09-Civ.-10155-SAS (S.D.N.Y. Aug. 2, 2010).

[169] *Software Freedom Conservancy, Inc.*, 2010 WL 2985320 at *3–4.

Moreover, the zealous and dedicated open-source advocates that aided enforcement litigation in European courts through both technical and *pro bono* legal services have offered the same assistance in analogous federal cases in the United States. And efforts to enforce free and open-source licenses in the United States are more spirited than ever, with disciplined organizations of developers and counsel often ready and willing to participate on behalf of the plaintiff. The open-source community will exploit the momentum gained from their achievements; they cannot afford to lose credibility, or the impetus for many licensees to comply may be diminished.[170] As courts around the world continue to decide the vast array of complex contractual and intellectual property questions surrounding the interpretation of and compliance with open-source licenses, the marks of early decisions by European courts will remain.

But there are many issues that require deeper exploration. What will become of the conventional standard for quantifying actual monetary damages for copyright infringement suffered by a copyright owner of software distributed solely under an open-source license? Under what circumstances will the terms of a free or open-source license be deemed covenants but not conditions enabling a related claim for copyright infringement? Will remedies such as enhanced damages and forfeiture of equipment be awarded in the absence of a failure to comply with a discovery order? These and many other questions remain.

And perhaps the most intriguing question of all also remains, for those who must understand and apply the principles to their technology with a degree of certainty as to their validity: On which continent will jurisprudence regarding the enforcement of free and open-source licenses develop most rapidly? Counsel on both sides of the Atlantic Ocean are advised to carefully track the work of their colleagues.

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[170] Steven Shankland, *GPL Defenders Say: See You in Court*, CNET, (Oct. 1, 2007), http://news.cnet.com/GPL-defenders-say-See-you-in-court/2100-7344_3-6210837.html (Daniel Ravicher, counsel in *Monsoon* and co-founder of SFLC, observing, "[i]f you start getting a reputation for being a pansy, then people are going to conclude they don't have to do anything").