

## TAKING THE CASE: IS THE GPL ENFORCEABLE?

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Would the GNU General Public License be enforceable in a U.S. court?

With the meteoric rise of the Linux operating system, the license that governs the Linux kernel and thousands of additional open source software programs has come under increased scrutiny. As a part of that scrutiny, some people have questioned whether the license is legally enforceable. This article seeks to answer that question.

### I. INTRODUCTION

“Ianal” is web-speak for the disclaimer “I am not a lawyer.” So begins many a discussion on the enforceability of the GNU General Public License (“GPL”). This disclaimer, however, is often followed by analysis of a legal nature. The conclusions drawn run the gamut from completely off the mark to well-informed, solid arguments regarding the legal aspects of a fairly simple but misunderstood document. In my position as the General Counsel of MontaVista Software, Inc., I have heard most of the arguments as to why the GPL is or is not a valid legal document. I address below each of the major concerns that I have heard expressed, and respond to each from the perspective of both a lawyer and a businessman who uses the GPL daily. While I have an admitted bias toward wanting the GPL to be enforceable, I have based my analysis—and the order of the

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rankings—on the law. My legal analysis is based solely on U.S. law, and does not take into account non-U.S. peculiarities such as the German legal prohibition on disclaiming certain warranties and liabilities.

### A. *Why Should You Care?*

#### 1. A Quick Background on Linux and Open Source

Linux is the fastest growing computer operating system in the world.<sup>1</sup> It powers everything from consumer electronics (such as mobile phones, PDAs and TV set-top boxes) to medical equipment to communications routers. It is being utilized worldwide by companies such as IBM,<sup>2</sup> Oracle,<sup>3</sup> Motorola,<sup>4</sup> Sony<sup>5</sup> and hundreds of others. Linux is one of the best known open source technologies, but other open source technology powers the web, sends your e-mail, and performs myriad other tasks on both the desktop and in embedded

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1. See Trish Williams, *The Whole World in Linux Hands*, Washington Technology, at [http://www.washingtontechnology.com/news/15\\_3/tech\\_features/1285-1.html](http://www.washingtontechnology.com/news/15_3/tech_features/1285-1.html) (May 1, 2000) (citing an IDC study projecting that “Linux will grow faster than all other operating systems combined through 2003” and that Linux server shipments in the fourth quarter of 1999 from the same period a year earlier, “represent[] the fastest-growing operating environment in the server market”); SDE, *GenaWare Supports Plans to Support New Linux Ready eServer Systems*, LinuxLinks.com, at <http://www.linuxlinks.com/portal/news/article.php?story=20030218130834567> (Feb. 18, 2003) (citing Linux as “the world’s fastest growing operating system”); Jay Lyman, *Linux Systems Now Comprise More Than Half of World’s Fastest 500 Computers*, News Forge, at <http://trends.newsforge.com/trends/04/06/21/2312237.shtml?tid=2&tid=82&tid=94> (June 21, 2004) (stating “Linux systems now comprise more than half of world’s fastest 500 computers” and quoting a source predicting that “[e]ventually, I think you’ll find Linux is going to replace everything on the Top 500 list”).

2. Letter from Samuel J. Palmisano, IBM Chairman, to IBM Investors, in 2003 IBM Annual Report at 8 (2003) (“We have, since 1997 . . . incubated successful new high-growth businesses such as . . . Linux and pervasive computing—each of which has already become a \$1 billion-plus revenue stream.”). For more information about IBM’s use of Linux, see IBM’s Linux Portal at <http://www-1.ibm.com/linux/> (last visited Nov. 26, 2004).

3. *Oracle #1 on Linux, Grows 360% to 69% Market Share—Gartner*, Oracle, at [http://www.oracle.com/database/feature\\_db\\_dbleadership.html](http://www.oracle.com/database/feature_db_dbleadership.html) (last visited Oct. 14, 2004) (“According to the annual database market report from Gartner, Oracle has the largest Linux market share and the highest annual growth rate on Linux. . .”).

4. *Special Report: Motorola Adopts Linux for Future Mobile Phones*, LinuxDevices.com, at <http://www.linuxdevices.com/news/NS4504156025.html> (Feb. 14, 2003). For more information detailing Motorola’s Linux-based products Motorola press releases, see [http://www.motorola.com/seamless\\_mobility/](http://www.motorola.com/seamless_mobility/) (last visited Oct. 15, 2004).

5. *Sony Unveils New Linux-Based PVR*, LinuxDevices.com, at <http://www.linuxdevices.com/news/NS5368420260.html> (Sept. 4, 2002) (reporting Sony’s release of a Linux-based television set-top box).

applications.<sup>6</sup> Under a typical open source software license, computer source code is provided to the licensee, and the licensee is free to copy, modify and redistribute that source code along with the resulting binary files. Open source software is created and modified through the collaborative efforts of a large community of developers, including multiple commercial enterprises and individuals, rather than any single organization. Unlike traditional proprietary software, open source software is available under licenses that permit developers to write new code, alter existing code, receive feedback on the code and share improvements with others, with minimal restrictions.

## 2. A Background on the Challenges and Open Source Litigation

As part of the rapid growth of Linux—and in some cases directly in response to this growth—a number of lawsuits have been filed which include issues related to the GPL or GPL-licensed code. It is widely rumored, for example, that The SCO Group’s (“SCO”) lawsuit against IBM was filed, in part, as an effort by SCO—and indirectly by Microsoft—to slow the rapid growth of Linux, which presents a significant challenge to the business models of both SCO and Microsoft.<sup>7</sup> “Ever since SCO filed a \$1 billion lawsuit against IBM for allegedly misappropriating Unix technology that wound up in the Linux operating system, rumors have been rife about Microsoft secretly bankrolling the litigation.”<sup>8</sup> The prevailing theory is that, “[i]f SCO is successful, the lawsuit could undercut the gathering momentum behind Linux. . . . At the very least, the litigation creates a cloud of uncertainty in the minds of information technology managers who are considering using open-source software.”<sup>9</sup> After all, “[t]he last thing that a chief information officer wants right now is to have to explain to the chief executive why the company’s cool new computer system could result in a huge legal tab.”<sup>10</sup> Another periodical, *Ecommerce Times*, reported that “[t]he heated battle between The

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6. See, e.g., JBoss website, at <http://www.jboss.org/index.html> (last visited Oct. 21, 2004), SendMail website, at <http://www.sendmail.org/> (last visited Oct. 21, 2004), and Apache, HTTP Server Project, at <http://httpd.apache.org/> (last visited Oct. 21, 2004). JBOSS is a Java server, SendMail provides email routing services, and Apache maintains an open-source web server.

7. See, e.g., Charles Cooper, *Microsoft’s New Linux Gambit*, CNET News.com, at [http://news.com.com/2102-1071\\_3-1010057.html](http://news.com.com/2102-1071_3-1010057.html) (May 30, 2003).

8. *Id.*

9. *Id.*

10. *Id.*

SCO Group and the open-source community took another turn this week as an e-mail became public that seemed to imply Microsoft helped SCO raise millions of dollars for its legal war against open source.”<sup>11</sup> Linuxworld.com’s May 28, 2003 story further suggests that “[t]he recently revealed Microsoft ‘slush fund’ to be used to prevent any further business being lost to Linux is more evidence of the strain Microsoft finds itself under.”<sup>12</sup>

The appearance of the GPL within an element of a legal claim, however, does not, in and of itself, bring into question the validity of GPL. Typically, the GPL issues seem to be a secondary claim included behind the main issues of breach of agreement, trademark infringement, unfair competition and other legal issues that remain unaffected by whether the lawsuit concerns open source or traditional proprietary technology.<sup>13</sup> Even when the GPL is implicated, the claims typically assume that the GPL is a legal agreement and focus instead on whether the terms of the GPL were violated. In *MontaVista v. Lineo*, for example, MontaVista alleged that Lineo distributed computer programs copyrighted by MontaVista, and that, in such distributions by Lineo, “all references to MontaVista, including MontaVista’s copyright notice and contact information, have been removed.”<sup>14</sup> While the GPL was implicated in the complaint,<sup>15</sup> neither party alleged that the GPL was not a valid agreement. Instead, the question was whether—in addition to allegedly violating federal copyright law and other federal laws—Lineo violated the terms of the GPL, which were accepted by both parties as valid and enforceable.<sup>16</sup> Similarly, MySQL’s counter-claim

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11. Keith Regan, *Leaked E-Mail Fuels Microsoft-SCO Conspiracy Theories*, Ecommerce Times, at <http://www.ecommercetimes.com/story/33051.html> (Mar. 5, 2004).

12. Joe Barr, *Why The Best News for Linux Is Still to Come*, LinuxWorld.com, at [http://www.linuxworld.com/story/32689\\_p.htm](http://www.linuxworld.com/story/32689_p.htm) (May 28, 2003).

13. See, e.g., *Progress Software Corp. v. MySQL AB*, 195 F. Supp. 2d 328 (D. Mass. 2002); *MontaVista Software, Inc. v. Lineo, Inc.*, No. 2:02 CV-0309J (D. Utah filed July 23, 2002) (this suit was settled in the third quarter of 2003).

14. See First Am. Compl. ¶ 20, *MontaVista Software, Inc.* (No. 2:02 CV-0309J).

15. See, e.g., *id.* ¶ 12 (“MontaVista developed each of the Copyrighted Programs as ‘open’ software, and offers such programs to the public under the terms of the June 1991 GNU General Public License, Version 2 (“GPL”). . . .”); *id.* ¶ 15 (“If a person does not accept the terms of the GPL, they are not authorized to copy, modify, and/or distribute MontaVista’s Copyrighted Programs.”).

16. See, e.g., *id.* ¶ 23 (“Defendants are not now, nor have they ever been, authorized or licensed to copy, modify, or distribute MontaVista’s Copyrighted Programs, except as provided in the GPL.”); *id.* ¶ 25 (“Defendants violated the GPL, copied, modified, and distributed unauthorized (and therefore infringing) copies of MontaVista’s Copyrighted Programs, and passed of[f] MontaVista’s Copyrighted Programs as [Lineo’s] own.”).

against Progress Software and NuSphere focused primarily on trademark infringement issues.<sup>17</sup> However, MySQL alleged that NuSphere violated the GPL by failing to release source code to a GPL product.<sup>18</sup> As in *MontaVista v. Lineo*, both parties presumed the enforceability of the GPL; the question presented, instead, was whether the defendant adhered to the GPL's legal terms. Recently, however, The SCO Group incorporated into a court filing a direct claim that the GPL was illegal.

In its on-going legal dispute with IBM, The SCO Group, in its answer to IBM's amended counterclaims, asserted without further detail or substantiation that the GPL is unenforceable,<sup>19</sup> that the GPL is selectively enforced by the Free Software Foundation such that "enforcement of the GPL by IBM or others is waived, estopped or otherwise barred as a matter of equity,"<sup>20</sup> and that the GPL "violates the U.S. Constitution, together with copyright, antitrust and export control laws."<sup>21</sup> It is not clear when or if these issues will be presented to a trier of fact. In the meantime, this article will address these and other challenges to the validity of the GPL.

### 3. Is the GPL Even a Contract?

Whether the GPL is a contract at all is a subject for a longer discussion, and does not, for purposes of this analysis, affect the validity of the document. It may, however, affect the remedies available for a violation of the GPL. A pure copyright license would be enforceable under U.S. federal copyright law.<sup>22</sup> A contract, on the

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17. See, e.g., Countercl. ¶¶ 55–79, *Progressive Software v. MySQL AB*, 195 F. Supp. 2d 328 (D. Mass. 2002).

18. See, e.g., *id.* ¶ 43 ("Progress/NuSphere has breached the Interim Agreement and the terms of the GPL License by distributing derivative works of the MySQL™ Program, including but not limited to 'NuSphere MySQL' and 'NuSphere MySQL Advantage,' without making the underlying source code (for example, Gemini) available to all, as required by the GPL License."); *id.* ¶ 89 ("The Interim Agreement confirmed that Progress had the right, like any GPL licensee, to distribute the MySQL™ Program under the terms of the GPL License."); *id.* ¶ 92 ("Progress/NuSphere materially breached the Interim Agreement . . . by issuing numerous press releases that had either not been provided to or approved by MySQL AB, and by distributing a derivative work based on the MySQL™ Program without making the underlying source code available.").

19. SCO's Answer to IBM's Am. Countercl. at 16, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003).

20. *Id.* at 16.

21. *Id.* at 16. See also *id.* ¶¶ 27, 120, and 122 (re-alleging that SCO "denies the applicability or enforceability of the GPL"); *id.* at 16 ("The General Public License ("GPL") is unenforceable, void and/or voidable. . . ."); *id.* at 16 ("The GPL violates the U.S. Constitution, together with copyright, antitrust and export control laws. . . .").

22. Copyright Act, 17 U.S.C. § 101 *et seq.* (2000).

other hand, would be enforceable under state contract law, which may vary from state to state.<sup>23</sup> Additionally, enforcement as a pure license would eliminate certain defenses available to an alleged infringer under contract law. The Free Software Foundation, which authored the GPL, claims that document is a copyright license, not a contract. Others have stated that the GPL is a “conditional license,”<sup>24</sup> while many others simply believe that the GPL is a contract.<sup>25</sup>

A license is a unilateral abrogation of rights. The licensor has, by law, the ability to enforce certain rights against the licensee, and the license functions as a promise not to enforce those rights. A “conditional license”—if such a creature exists—is a license that can be revoked if the conditions are violated, which essentially makes it a contract. As further discussed below, a contract requires mutual agreement and bilateral consideration.<sup>26</sup> The GPL is not just a method for a licensor to give up rights that he could otherwise enforce in court; the GPL imposes obligations on the licensee as well, which the licensee must accept.<sup>27</sup> It is likely that a court, in the U.S. or abroad, would recognize the GPL as a contract. In fact, the GPL has been cited as a contract, and breach of the GPL as a contract was alleged, in both of the first two U.S. federal court cases in which the GPL was implicated.<sup>28</sup> For purposes of this article, it is necessary to address the GPL as a contract in order to address some of the challenges levied against the document.

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23. See, e.g., *Hutchinson v. Hutchinson*, 119 P.2d 214, 217 (Cal. Ct. App. 1942).

24. This claim, for example, was discussed by panelists and attendees at the Open Source Business Conference in San Francisco, California, March 17, 2004.

25. *Id.*; see also, *infra* note 171.

26. See *infra* Part II.F.

27. See, e.g., Free Software Foundation, Inc., *GNU General Public License, Version 2* §§ 1–3, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991) (imposing affirmative obligations on licensees). See also *id.* at § 5.

You are not required to accept this License, since you have not signed it. However, nothing else grants you permission to modify or distribute the Program or its derivative works. These actions are prohibited by law if you do not accept this License. Therefore, by modifying or distributing the Program (or any work based on the Program), you indicate your acceptance of this License to do so, and all its terms and conditions for copying, distributing or modifying the Program or works based on it.

*Id.*

28. See *Countercl.*, at ¶¶ 110–118, *Progressive Software Corp. v. MySQL AB*, 195 F. Supp. 2d 328 (D. Mass. 2002); *First Am. Compl.* ¶ 50, *MontaVista Software, Inc. v. Lineo, Inc.*, No. 2:02 CV-0309J (D. Utah filed July 23, 2002) (“The aforesaid individual or joint acts of Defendants constitute a breach of the GPL.”).

*B. The Arguments Against Enforceability and Rebuttals*

1. Abstract of the Arguments—And the Rebuttals to Each Argument—In Order from Least to Most Plausible

The following list briefly identifies and answers each of the common arguments against enforceability of the GPL. This brief synopsis is then followed by a detailed discussion of each argument.

11. The GPL violates the U.S. Constitution.<sup>29</sup>

No, it does not. Congress used its Constitutional authority to pass the Copyright Act, which gives copyright holders the right to grant all of the rights covered by the GPL.

10. The GPL is pre-empted by U.S. Federal copyright law, including the Digital Millennium Copyright Act (“DMCA”).<sup>30</sup>

There is no pre-emption. More to the point, the Copyright Act not only grants copyright holders the right to allow others to copy, modify and redistribute their works, but it also provides that, if the copyright holder restricts those rights, a computer program user can still make a copy for backup purposes.

9. The GPL violates export control laws.<sup>31</sup>

License agreements do not violate export laws; products do. The GPL expressly contemplates restrictive distribution laws and requires compliance with them. However, that does not matter because U.S. export laws are not applicable to the GPL itself.

8. The GPL has never been tested in court.<sup>32</sup>

Actually, it has now been tested directly in Germany and indirectly in the United States, and its validity has been established. But despite that validation, most agreements have not been tested in court, and the lack of such a test does not speak in any way to an agreement’s enforceability.

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29. See *infra* Part II.A.

30. See *infra* Part II.B.

31. See *infra* Part II.C.

32. See *infra* Part II.D.

458 SANTA CLARA COMPUTER & HIGH TECH. L.J. [Vol. 21

7. The GPL fails under the Uniform Commercial Code (“UCC”).<sup>33</sup>

No, it does not. The GPL meets all of the requirements (or fits all the exceptions) provided for under the UCC.

6. The GPL fails under common law contract terms.<sup>34</sup>

All of the typically required conditions of a contract (offer, acceptance, and consideration) are met; no viable defenses to contract formation arise from the form of the GPL itself (the issue of vague terms is dealt with separately below).

5. The GPL violates U.S. federal antitrust law.<sup>35</sup>

The GPL likely does not violate federal antitrust law either *per se* or under the rule of reason. Nevertheless, there may be a strategic reason for SCO to have made such a claim.

4. The GPL is selectively enforced by the Free Software Foundation (“FSF”) such that enforcement of the GPL by IBM or others is waived, estopped or otherwise barred as a matter of equity.<sup>36</sup>

The FSF drafted the GPL but is generally not a party to it. So the FSF generally does not have a legal basis to enforce the GPL as an agreement between two third parties. Still, the FSF does have a formal program to attempt to ensure that parties to the GPL obey its terms, just as any licensor would have to enforce its agreement short of going to court.

3. The GPL fails as a copyright license.<sup>37</sup>

The GPL likely is a contract. However, assuming that it is only a license, it would be difficult to invalidate it. If it were invalidated, the licensee would still have rights to use and make a backup copy of the program. And the licensor would have tried to grant rights to modify and distribute, so it is unlikely that a court would invalidate the agreement.

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33. *See infra* Part II.E.

34. *See infra* Part II.F.

35. *See infra* Part II.G.

36. *See infra* Part II.H.

37. *See infra* Part II.I.



2005] IS THE GPL ENFORCEABLE? 459

2. The GPL fails because its terms are too vague; the authors of the GPL improperly attempt to define what constitutes a “derived work.”<sup>38</sup>

Actually, some of the GPL’s terms, especially those regarding derivative works, *are* vague, but probably not to the extent that a court would refuse to enforce it.

1. The GPL is not legally effective as a clickwrap or shrinkwrap agreement.<sup>39</sup>

Depending on how the GPL is actually presented to a licensee, it is possible that it may not meet the hurdles (as defined by U.S. courts) for valid clickwrap or shrinkwrap agreements.

## II. RANKING, RATING, EXPLAINING, AND REBUTTING THE CHALLENGES

### A. *The GPL Violates the U.S. Constitution*

Ranking: 11

Rating: Ludicrous

#### 1. Explanation of the Challenge

A lawyer representing The SCO Group, Inc. was quoted on October 28, 2003, claiming that the GPL violates the United States Constitution because “the [Constitution] says that Congress can regulate copyrights, not the FSF or any other organization.”<sup>40</sup> This claim was made again in October 2003 in official statements by the Company,<sup>41</sup> and by SCO’s Chief Executive Officer Darl McBride in an open letter dated December 4, 2003.<sup>42</sup> Most recently, this claim was reiterated in SCO’s Amended Answer to IBM’s Amended Counterclaims filed March 11, 2004.<sup>43</sup> It is difficult to imagine how any person beyond their first year of law school (or perhaps even

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38. See *infra* Part II.J.

39. See *infra* Part II.K.

40. Stephen Shankland, *SCO Attacks Open-Source Foundation*, CNET News.com, at <http://news.com.com/2100-7344-5098610.html> (Oct. 28, 2003).

41. See, e.g., *id.*

42. Open Letter on Copyrights from Darl McBride, President and CEO, The SCO Group, Inc., (Dec. 4, 2003), available at <http://www.sco.com/copyright/> [hereinafter Open Letter on Copyrights].

43. SCO’s Am. Answer to IBM’s Am. Countercl. at 16, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003).

before that time) could be coaxed to believe such a statement. Let me rather move straight to the rebuttal.

## 2. Rebuttal of the Challenge

The rebuttal to this argument is clear and direct. The United States Constitution does grant Congress the right to regulate copyrightable works.<sup>44</sup> Congress used the power granted to it under the Constitution to enact the U.S. Copyright Act: Title 17 of the United States Code (U.S.C.). The Copyright Act gives copyright holders the right to control the copying, modification and distribution of their works.<sup>45</sup> The copyright holder can restrict those rights, or can grant those rights to others. Specifically, Section 106 of the Copyright Act provides that “the owner of copyright . . . has the exclusive rights to do *and to authorize* any of the following: to reproduce the copyrighted work . . .; to prepare derivative works based upon the copyrighted work; [and] to distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending.”<sup>46</sup>

The key words here that SCO seems to ignore are “and to authorize.” Congress expressly granted to the copyright holder the legal right to authorize anyone to copy, modify and redistribute his or her work. Note, too, that Section 103(a) of the Copyright Act confirms that “[t]he subject matter of copyright as specified [by the Act] includes compilations and derivative works.”<sup>47</sup> Thus, the power “to authorize” extends to both the original work and to derivative works. SCO’s claims are rebutted by two simple facts: Congress has the authority to regulate copyrights, and Congress did so through the Copyright Act, which grants clear rights to copyright holders.

SCO also claims (though not in any legal document) that the GPL is unconstitutional because “the authority of Congress under the U.S. Constitution to ‘promote the Progress of Science and the useful arts. . .’ inherently includes a profit motive.”<sup>48</sup> This supposition is a fantastical leap—from a phrase in the Constitution authorizing a

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44. United States Constitution, Article I, Section 8 provides that “[t]he Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;” and “[t]o make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers.” U.S. CONST. art. I, § 8, cl. 8.

45. 17 U.S.C. § 106 (2000).

46. *See id.* § 106(1)–(3) (emphasis added).

47. *See id.* § 103(a).

48. Open Letter on Copyrights, *supra* note 42 (quoting U.S. CONST. art. I, § 8, cl. 8).

federal power to the conclusion that a private agreement contracting around a federally granted private right is unconstitutional. The GPL is not an act of government; it is a private contract, and it is rare that a private contract is found to be unconstitutional.<sup>49</sup>

SCO cites *Eldred v. Ashcroft*<sup>50</sup> in support of its assertion, but the court in *Eldred* (which affirmed Congress' recent copyright extension legislation<sup>51</sup>) actually took the opposite viewpoint in its commentary. SCO cites *Eldred*, stating, "The economic philosophy behind the Copyright [C]lause . . . is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors."<sup>52</sup> However, this statement describes only a policy consideration, not a conclusion, because the *Eldred* court did not apply this analysis to any private agreement. The court further clarifies this point by stating that "the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge."<sup>53</sup>

This public "proliferation of knowledge" is exactly what the GPL, through its requirements of unrestricted redistribution, promotes. For example, the GPL's Preamble states, "The licenses for most software are designed to take away your freedom to share and change it. By contrast, the GNU General Public License is intended to guarantee your freedom to share and change free software—to make sure the software is free for all its users."<sup>54</sup> It further states,

When we speak of free software, we are referring to . . . the freedom to distribute copies of free software . . . , that you receive source code or can get it if you want it, that you can change the software or use pieces of it in new free programs; and that you know you can do these things. To protect your rights, we need to make restrictions that forbid anyone to deny you these rights or to ask you to surrender the rights.<sup>55</sup>

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49. See, e.g., *Jones v. Alfred H. Mayer Co.*, 392 U.S. 409, 438–39 (1968) (discussing racially restrictive agreements in real estate deeds, where use of racially restrictive agreements is an example of one of the few private contracts which may be found to be unconstitutional).

50. 537 U.S. 186 (2003).

51. *Id.* at 208. See 1998 Copyright Term Extension Act ("CTEA"), Pub. L. No. 105-298, 112 Stat. 2827 (1998).

52. *Eldred*, 537 U.S. at 212, n.18 (quoting *Mazer v. Stein*, 347 U.S. 201, 219 (1954)); Open Letter on Copyrights, *supra* note 42.

53. *Eldred*, 537 U.S. at 212, n.18 (quoting *Am. Geophysical Union v. Texaco, Inc.*, 802 F. Supp. 1, 27 (S.D.N.Y. 1992)).

54. Free Software Foundation, Inc., *GNU General Public License, Version 2 Preamble*, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

55. *Id.*

GPL sections 1 through 3 continue in a similar vein, providing, “You may copy and distribute verbatim copies of the Program’s source code as you receive it, in any medium,”<sup>56</sup> “[y]ou may modify your copy or copies of the Program or any portion of it, thus forming a work based on the Program, and copy and distribute such modifications,”<sup>57</sup> and “[y]ou may copy and distribute the Program (or a work based on it, under Section 2) in object code or executable form.”<sup>58</sup> Thus in addition to existing compatibly with the Copyright Act, the GPL furthers the public policies endorsed by the *Eldred* court, including the proliferation of knowledge for public benefit.

*B. The GPL is pre-empted by U.S. Federal copyright law and violates the Digital Millennium Copyright Act*

Ranking: 10

Rating: Near ludicrous

1. Explanation of the Challenge

This challenge does not rate a “ludicrous” simply because nothing deserves to be ranked equally with the previous challenge. Again, it is based on a misinterpretation of federal law.<sup>59</sup> On August 14, 2003, the *Wall Street Journal* reported a claim by SCO’s lawyers that the GPL is “pre-empted by copyright law.”<sup>60</sup> The SCO lawyers assert that “by allowing unlimited copying and modification, [the GPL] conflicts with federal copyright law, which allows software buyers to make only a single backup copy.”<sup>61</sup> This assertion has been generally repeated without any substantiation by SCO in its Amended

56. *Id.* § 1.

57. *Id.* § 2.

58. *Id.* § 3.

59. Eben Moglen, *SCO Scuttles Sense, Claiming GPL Invalidity*, at <http://www.gnu.org/philosophy/sco/sco-preemption.html> (Aug. 18, 2003). Other commentators have been less kind in their description of this challenge by SCO. Eben Moglen, a professor of law at Columbia and counsel to the Free Software Foundation, described SCO’s claim as “moonshine, based on an intentional misreading of the Copyright Act that would fail on any law school copyright examination.” *Id.* In fact, Mr. Moglen argues that “it would be a violation of professional obligation for . . . any lawyer to submit [such a claim] to a court.” *Id.*

60. William Bulkeley, *Linux Lawsuit Could Undercut Other ‘Freeware,’* WALL ST. J., Aug. 14, 2003, at B1; *see also* Lisa M. Bowman, *SCO’s Big Legal Gun Takes Aim*, CNET news.com, at [http://news.com.com/2102-1082\\_3-5066520.html](http://news.com.com/2102-1082_3-5066520.html) (Aug. 21, 2003) (reporting an interview with Mark Heise, a partner with Boies Schiller & Flexner, a law firm representing SCO, where Mr. Heise stated “We believe [the GPL] is pre-empted by federal copyright law.”).

61. Bulkeley, *supra* note 60.

Answer referenced above.<sup>62</sup> Additionally, in an open letter, SCO's Chairman and CEO Darl McBride claimed that "the Free Software Foundation and others in the [o]pen [s]ource software movement have set out to actively and intentionally undermine the U.S. and European systems of copyrights and patents" and to "undermine or eliminate software patent and copyright laws."<sup>63</sup> According to Mr. McBride, "Congress adopted the DMCA in recognition of the risk to the American economy that digital technology could easily be pirated and that without protection, American companies would unfairly lose technology advantages to companies in other countries through piracy, as had happened in the 1970[s]."<sup>64</sup> He continued by adding, "If allowed to work properly, we have no doubt that the DMCA will create a beneficial effect for the entire economy in digital technology development, similar to the benefits created by the 1976 Copyright Act."<sup>65</sup>

Characterizing the open source community as rogues intent on circumventing the laws of many countries, McBride adds,

However, there is a group of software developers in the United States, and other parts of the world, that do [*sic*] not believe in the approach to copyright protection mandated by Congress. In the past 20 years, the Free Software Foundation and others in the Open Source software movement have set out to actively and intentionally undermine the U.S. and European systems of copyrights and patents. Leaders of the FSF have spent great efforts, written numerous articles and sometimes enforced the provisions of the GPL as part of a deeply held belief in the need to undermine or eliminate software patent and copyright laws.<sup>66</sup>

These actions, according to McBride, violate the DMCA.<sup>67</sup>

## 2. Rebuttal of the Challenge

The rebuttal to this challenge is simple, straightforward, and clearly set forth in black letter law. United States federal copyright law grants the copyright holder the right to control the copying, modification, distribution and creation of derivative works of his or

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62. SCO's Am. Answer to IBM's Am. Countercl. at 17, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003).

63. Open Letter on Copyrights, *supra* note 42.

64. *Id.*

65. *Id.*

66. *Id.*

67. *Id.*

her copyrighted work.<sup>68</sup> The Copyright Act is very clear that the owner has the rights “to do and to authorize” others to exercise any of those rights.<sup>69</sup> One assertion made by SCO was correct: that the Copyright Act does indeed address a program user’s right to make a single copy.<sup>70</sup> But this right to make a single backup copy can be expanded infinitely by the copyright holder under a separate provision of the Copyright Act.<sup>71</sup> The language regarding back-up copies is merely an exception; it is in addition to the copyright holder’s right to grant additional rights.<sup>72</sup> In other words, the copyright holder can allow others to copy, modify and redistribute his work and derivative copies of his work. Even if the copyright holder disallows the creation of any copies, Section 117 of the Copyright Act still allows a user to make a backup copy of the program. Of course, if the copyright holder does grant any of the Section 106 rights, then Section 117 is merely the starting point. The licensee will also have all of the rights granted under the applicable license.

Put more simply, a licensor using the GPL is telling a licensee, “U.S. law allows me to control whether anyone else can copy this work or redistribute it or make derivative copies of it. By licensing my work under the GPL, I am giving everyone the right to make unlimited copies of my work to freely redistribute it, and to make derivative works of it as long as those derivative works are also licensed under the GPL.”

Of course, this sets aside the problem that all of this is not really an issue of preemption. Preemption is not the same as conflict. Preemption is a technical legal doctrine that allows courts to resolve conflicts between state and federal laws based on Article Six and the Tenth Amendment of the U.S. Constitution.<sup>73</sup> Preemption refers to the Constitution’s declaration that some areas of law are exclusively governed by federal law. For example, the Constitution firmly

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68. 17 U.S.C. § 106(1)–(3) (2000).

69. *See id.* §§ 106 *et seq.*

70. *See id.* § 117.

71. *See id.* § 106.

72. *Id.*

73. U.S. CONST. art. VI (“This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.”); U.S. CONST. amend. X (“The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”).

establishes that states cannot coin money,<sup>74</sup> charge duties for foreign goods,<sup>75</sup> or restrict interstate commerce or travel.<sup>76</sup> Other areas are left to the states' control. Section 301 of the Copyright Act states that federal copyright law preempts all state law concerning "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright."<sup>77</sup> But this means that states cannot offer additional or alternative copyright protection. It does not mean that private agreements about the terms of copyright licenses are preempted.<sup>78</sup>

Courts have upheld contractual restrictions on the use of licensed software that go beyond the rights of copyright.<sup>79</sup> *ProCD, Inc. v. Zeidenberg* addressed claims of a computer software copyright holder against a user who allowed public access over the Internet to the copyrighted programs. The *ProCD* court addressed the issue of preemption and contrasted substantive federal preemption law with contract claims and noted that each case must be examined to see if it meets a two-prong test for preemption. The court specifically cited cases where "courts have held that breach of contract claims are not preempted by § 301 of the Copyright Act because breach of contract is not a cause of action 'equivalent' to a copyright infringement claim."<sup>80</sup>

With respect to the DMCA, it is difficult to comprehend how Mr. McBride could rationally state this challenge. The only explanation seems to be that he read a summary without actually reading the Act. The DMCA, passed primarily to deal with the expanded use of electronic media, serves more to defeat SCO's contentions than to support them. The DMCA protects against software piracy, limits the copyright infringement liability of Internet service providers for simply transmitting information over the Internet, and requires that radio webcasters pay license fees just like other broadcasters.<sup>81</sup> The Act has specific clauses allowing for

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74. U.S. CONST. art. I, § 10, cl. 1.

75. U.S. CONST. art. I, § 10, cl. 2; *see, e.g., Xerox Corp. v. Harris County*, 459 U.S. 145, 154 (1982).

76. U.S. CONST. art. I, § 8, cl. 3.

77. 17 U.S.C. § 301(a) (2000).

78. *See, e.g., ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640 (W.D. Wis. 1996).

79. *Id.*

80. *Id.* at 657.

81. Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).

reverse engineering (for analysis related to interoperability with other programs)<sup>82</sup> and even expands the freedom allowed by Section 117 of the Copyright Act by confirming that computer program users can—even if granted no right to copy by the copyright holder—“make or authorize the making of a copy of a computer program” when that copy is made for maintenance or repair purposes automatically when a computer is activated.<sup>83</sup> Interestingly, the DMCA expressly takes the “needs of [copyright] users” into consideration,<sup>84</sup> and also makes

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82. *See id.* § 1201(f).

REVERSE ENGINEERING—(1) Notwithstanding the provisions of subsection (a)(1)(A), a person who has lawfully obtained the right to use a copy of a computer program may circumvent a technological measure that effectively controls access to a particular portion of that program for the sole purpose of identifying and analyzing those elements of the program that are necessary to achieve interoperability of an independently created computer program with other programs, and that have not previously been readily available to the person engaging in the circumvention, to the extent any such acts of identification and analysis do not constitute infringement under this title.

(2) Notwithstanding the provisions of subsections (a)(2) and (b), a person may develop and employ technological means to circumvent a technological measure, or to circumvent protection afforded by a technological measure, in order to enable the identification and analysis under paragraph (1), or for the purpose of enabling interoperability of an independently created computer program with other programs, if such means are necessary to achieve such interoperability, to the extent that doing so does not constitute infringement under this title.

(3) The information acquired through the acts permitted under paragraph (1), and the means permitted under paragraph (2), may be made available to others if the person referred to in paragraph (1) or (2), as the case may be, provides such information or means solely for the purpose of enabling interoperability of an independently created computer program with other programs, and to the extent that doing so does not constitute infringement under this title or violate applicable law other than this section.

(4) For purposes of this subsection, the term ‘interoperability’ means the ability of computer programs to exchange information, and of such programs mutually to use the information which has been exchanged.

*Id.*

83. *See id.* § 302(3)(c).

84. *See id.* § 403(a).

RECOMMENDATIONS BY REGISTER OF COPYRIGHTS—Not later than 6 months after the date of the enactment of this Act, the Register of Copyrights, after consultation with representatives of copyright owners, nonprofit educational institutions, and nonprofit libraries and archives, shall submit to the Congress recommendations on how to promote distance education through digital technologies, including interactive digital networks, while maintaining an appropriate balance between the rights of copyright owners and the needs of users of copyrighted works. Such recommendations shall include any legislation the Register of Copyrights considers appropriate to achieve the objective described in the preceding sentence.

*Id.*



it clear that provisions in the Act shall not affect common law rights<sup>85</sup> or “defenses to copyright infringement, including fair use.”<sup>86</sup> As it is with the original Copyright Act, the GPL—in allowing a copyright holder to exercise her rights to control her work—is fully compatible with both the terms and the spirit of the DMCA.

*C. The GPL Violates U.S. Export Laws*

Ranking: 9

Rating: Misguided

1. Explanation of the Challenge

SCO has claimed in connection with its legal dispute with IBM that the GPL violates export control laws; thus, any claims by IBM related to the breach of the GPL are barred.<sup>87</sup> Apparently, SCO believes that the free redistribution clauses of the GPL violate U.S. regulations which restrict the export or re-export of certain software to designated countries or end users.

2. Rebuttal of the Challenge

SCO is simply misguided in this challenge. The GPL cannot violate U.S. export controls. A license does not itself contain technology that would be controlled under the Export Administration Regulations (“EAR”). The regulations apply to the export of actual software (in binary or source code format) or other products.<sup>88</sup>

In addition, as explained by export attorney Josephine Aiello LeBeau, Section 734.3 of the EAR exempts “publicly available” software and technology from the regulations’ control.<sup>89</sup> Software

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85. *See id.* § 1330.

Nothing in this chapter shall annul or limit—(1) common law or other rights or remedies, if any, available to or held by any person with respect to a design which has not been registered under this chapter; or (2) any right under the trademark laws or any right protected against unfair competition.

*Id.*

86. *See id.* § 1201(c)(1) (“Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.”).

87. *See* SCO’s Ans. to IBM’s Am. Countercl. at 16, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003) (“The GPL violates the U.S. Constitution, together with copyright, antitrust and export control laws.”).

88. 15 C.F.R. §§ 734.3, 734.7, 740.13 (2004).

89. *Id.* § 734.3(b)(3).

can be considered “publicly available” if it is “published.”<sup>90</sup> Information or software is “published” when it becomes generally accessible to the interested public in any form, either free or at a price that does not exceed the cost of reproduction and distribution.<sup>91</sup> If source code is published, then its resulting object code is also considered “publicly available.”<sup>92</sup> Under this definition, all code licensed under the GPL would effectively be free of EAR restrictions.<sup>93</sup>

There is an exception to this broad exemption for certain software containing encryption technology.<sup>94</sup> The publication of encryption source code is permitted after a notification is completed pursuant to Part 740.13(e) of the EAR.<sup>95</sup> The source code becomes eligible for use of License Exception TSU.<sup>96</sup> “TSU” refers to “Technology and Software—Unrestricted.” As the regulation mandates, “[t]his license exception authorizes exports and reexports of operation technology and software; sales technology and software; software updates (bug fixes); ‘mass market’ software subject to the General Software Note; and encryption source code (and corresponding object code) that would be considered publicly available under § 734.3(b)(3) of the EAR.”<sup>97</sup> However, this section of the EAR does contemplate the posting of source code or corresponding object code on the Internet, “where it may be downloaded by anyone.”<sup>98</sup> Thus, although it might not otherwise be legal to transfer the software to the proscribed countries, if such a violation occurs, it would not be considered knowing or willful as a result of its being posted on the Internet. In any event, it would be the

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90. *Id.* (“[T]he following items are not subject to the EAR: . . . (3) Publicly available technology and software. . . that: (i) Are already published or will be published as described in § 734.7 of this part. . .”).

91. *Id.* § 734.7(a)(1).

92. *Id.* § 734.7(b).

93. E-mail from Josephine Aiello LeBeau, Counsel, Miller & Chevalier, Washington, D.C., to Jason Wacha, General Counsel, MontaVista Software, Inc. (May 12, 2004, 8:50 p.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal).

94. 15 C.F.R. § 734.3 (2004) (excepting encryption over 64 bits or classified under ECCN 5D002 on the Commerce Control List).

95. *Id.* § 740.13(e)(1) (2004).

96. *See id.* § 740.13 (stating that License Exception TSU is not eligible for export to Cuba, Iran, Iraq, Libya, North Korea, Sudan, or Syria).

97. *See id.* § 740.13.

98. *See id.* § 740.13(e)(6). The section further provides that the posting itself does not establish “knowledge” of a prohibited export or re-export or trigger “red flags” that would necessitate the affirmative duty to inquire as to the identity of the end-user. *Id.*

act of exporting the software product itself, not the underlying license agreement, that could in theory be in violation of any U.S. export law.

In addition, several sections of the GPL itself indirectly address related issues. GPL Section 7 focuses primarily on patents, but makes the point that if for any reason,

conditions are imposed on you (whether by court order, agreement or otherwise) that contradict the conditions of this License, they do not excuse you from the conditions of this License. If you cannot distribute so as to satisfy simultaneously your obligations under this License and any other pertinent obligations, then as a consequence you may not distribute the Program at all.<sup>99</sup>

In other words, the authors of the GPL do not want a licensor or a licensee to violate any laws, and have specifically provided that the intent of the agreement is to ensure that the ability to distribute GPL code requires compliance with both the GPL and other applicable restrictions. GPL Section 8 allows the original copyright holder to add an explicit geographical distribution limitation excluding any countries which she wishes, “so that distribution is permitted only in or among countries not thus excluded. In such a case, this License incorporates the limitation as if written in the body of this License.”<sup>100</sup>

#### *D. The GPL Has Never Been Tested in Court*

Ranking: 8

Rating: Silly

##### 1. Explanation of the Challenge

It may be silly, but it is worth addressing the oft-repeated mantra that the GPL has never been tested in court. This challenge is so general that it is difficult to explain exactly. But somehow, some people see the lack of a court case as a basis for saying that the GPL may be unenforceable.

##### 2. Rebuttal of the Challenge

The basic statement, really, is no longer true; while the GPL has never directly been the subject of a court judgment in the U.S., the GPL has been enforced by a court in Europe.<sup>101</sup> Moreover, the GPL

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99. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 7, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

100. *Id.* § 8.

101. *Welte v. Sitecom Deutschland GmbH*, No. 21 O 6123/04 (LG München I) (May 19, 2004), available at <http://www.jbb.de/html/?page=news&id=32>.

has indirectly been the subject of a recent U.S. court ruling. In *Computer Associates v. Quest Software*, Quest alleged that Computer Associates derived certain software programs from Quest's GPL-licensed software code.<sup>102</sup> The court rejected the argument that Computer Associates' code must be licensed under the GPL, even though Computer Associates had indeed used a GPL-licensed program to develop their code. The court based its finding on the facts that the GPL program's output was not subject to the GPL's terms, and that the Free Software Foundation had earlier granted a special exception allowing certain output files to be used without restriction.<sup>103</sup> Thus, use of software subject to the GPL in the development of Computer Associates' own software programs did not render the resulting software subject to the GPL.

Even the lack of a definitive court judgment in the U.S., however, does not make this challenge relevant. It is, in fact, probably the rare contract that has actually been the subject of a court challenge. The fact that the license for the word processing application used to create this article has not been tested in court does not bring that license's validity into question. Nor does the lack of a court test for a home purchase, an automobile lease, or service for a cell phone lead to the conclusion that royalties may be owed to a former home owner, that the automobile may be repossessed, or that the use of the cell phone is illegal. So while a court decision may be the best way to definitively establish an agreement's validity, the absence of a court action should not be cause for alarm.

The GPL has, as of mid-2004, been enforced in Europe, in the case of *Welte vs. Sitecom*.<sup>104</sup> Harald Welte is a member of a project which authored certain programs licensed under the GPL, in particular the components of netfilter/iptables including "PPTP helper for connection tracking and NAT" and "IRC helper for connection tracking and NAT."<sup>105</sup> Sitecom distributed the GPL-licensed code, but did not identify the code as licensed under the GPL, did not offer a copy of the license, and did not provide or offer to provide source code.<sup>106</sup> The German court hearing the *Sitecom* case issued an

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102. See *Computer Assocs. v. Quest Software*, 333 F. Supp. 2d 688, 698 (N.D. Ill. 2004).

103. *Id.* at 697-98.

104. *Welte v. Sitecom Deutschland GmbH*, No. 21 O 6123/04 (LG München I) (May 19, 2004), available at <http://www.jbb.de/html/?page=news&id=32> (making available both German and unofficial English language versions of the official court opinion).

105. *Id.* at 4.

106. *Id.* at 6.

injunction expressly enforcing the GPL.<sup>107</sup> In particular, the court cited Section 4 of the GPL, which terminates a licensee's rights for non-compliance with the GPL's terms.<sup>108</sup>

Also, consider that in the U.S. the following have been the subject of U.S. court cases: license agreements,<sup>109</sup> shrinkwrap and clickwrap licenses agreements,<sup>110</sup> and source code license agreements.<sup>111</sup> Each of those licenses has been found valid by a U.S. court.

For all of its rhetoric about copyright as a fundamental tool of U.S. free enterprise, SCO seems to have forgotten that freedom of contract is an even more basic tool.<sup>112</sup> A society in which every contract must be approved by a court to be enforceable is a completely centralized society with precious little economic freedom—the exact opposite of free enterprise.

#### *E. The GPL Fails Under the Uniform Commercial Code*

Ranking: 7

Rating: Rational, but probably not applicable

##### 1. Explanation of the Challenge

It is generally accepted that the sale of software is covered by the Uniform Commercial Code ("UCC"). The UCC requires a signed, written contract for any sale of goods in excess of \$500.<sup>113</sup> In addition, the UCC requires sellers (licensors) to provide certain warranties, including warranties of merchantability,<sup>114</sup> fitness for a

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107. *Id.* at 13.

108. *Id.* at 8–9; see Free Software Foundation, Inc., *GNU General Public License, Version 2* § 4, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991) ("You may not copy, modify, sublicense, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense or distribute the Program is void, and will automatically terminate your rights under this License.").

109. See *Image Software, Inc. v. Reynolds and Reynolds Co.*, 273 F. Supp. 2d 1168 (D. Colo. 2003); *Intel Corp. v. Broadcom Corp.*, 173 F. Supp. 2d 201 (D. Del. 2001).

110. *Ticketmaster Corp. v. Tickets.Com, Inc.*, 54 U.S.P.Q.2d (BNA) 1344 (C.D. Cal. 2000); *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640 (W.D. Wis. 1996); *Caspi v. Microsoft Network, L.L.C.*, 732 A.2d 528 (N.J. Super. Ct. App. Div. 1999).

111. *PlayMedia Sys., Inc. v. Am. Online, Inc.*, 171 F. Supp. 2d 1094 (C.D. Cal. 2001).

112. U.S. CONST. art. I, § 10 (evidencing that the writers of the Constitution recognized this when they acknowledged the right to freedom of contract: "No State shall . . . pass any . . . Law impairing the Obligation of Contracts").

113. U.C.C. § 2-201 (1972).

114. See *id.* § 2-314.

particular purpose,<sup>115</sup> and non-infringement,<sup>116</sup> which are not provided by the GPL.

## 2. Rebuttal of the Challenge

Many distributions of GPL software are not in exchange for money, so the writing requirement of the UCC does not apply to them. In many cases, software subject to the GPL is downloaded from the Internet or otherwise obtained by the licensee without payment. For example, anyone with Internet access can download the most recent version of the Linux operating system kernel from <http://www.kernel.org> for free. The UCC expressly does not cover such no-cost transactions. In many large commercial transactions of GPL software, the writing requirement is met due to the policies of the big software distributors selling the GPL-licensed product. For example, MontaVista Software, Inc. delivers its software products—including the Linux kernel and other software licensed under the GPL—under the terms of written agreements with its customers. These written agreements include a copy of the GPL. MontaVista also delivers electronic copies of the GPL to its customers along with the actual software code.

There is, however, an exception to the writing requirement under the UCC. If the goods, or the software in this case, are actually received and accepted, or paid for, then the contract is enforceable, despite the lack of a signed, written agreement.<sup>117</sup> As to warranties, the UCC expressly allows the disclaimer of the implied warranties, and Section 11 of the GPL contains clear warranty disclaimers.<sup>118</sup> Section 11 states “BECAUSE THE PROGRAM IS LICENSED FREE OF CHARGE, THERE IS NO WARRANTY FOR THE PROGRAM, TO THE EXTENT PERMITTED BY APPLICABLE LAW. EXCEPT WHEN OTHERWISE STATED IN WRITING THE COPYRIGHT HOLDERS AND/OR OTHER PARTIES PROVIDE THE PROGRAM ‘AS IS’ WITHOUT WARRANTY OF ANY KIND. . . .”<sup>119</sup> Thus, the delivery of software under the GPL without any warranties from the licensor violates neither the letter nor the spirit of the UCC.

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115. *See id.* § 2-315.

116. *See id.* § 2-312.

117. *See id.* § 2-201(3)(c).

118. *See id.* § 2-316 (allowing warranty disclaimers).

119. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 11, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991) (emphasis in original).

*F. The GPL Fails Under Common Law Contract Terms*

Ranking: 6

Rating: Interesting, but off point

1. Explanation of the Challenge

Some people have raised concerns that the GPL fails under the basic conditions required to make a contract valid, such as offer, acceptance, and consideration.<sup>120</sup> These arguments exist independent of the argument presented below regarding enforceability as a shrinkwrap or clickwrap agreement.

2. Rebuttal of the Challenge

In an article of this length, it is possible to address this challenge only from a high level. Generally under U.S. law, for a contract to be valid, it must meet a number of conditions, and there must not be present anything to otherwise invalidate it.<sup>121</sup>

There must be an offer, acceptance of that offer, and something of value exchanged.<sup>122</sup> The subject matter must be legal,<sup>123</sup> and generally the parties entering into the contract must have the capacity

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120. I have heard this repeated at several conferences worldwide which I attended or at which I presented. *See also, e.g.,* Stephen Bell, *Legal Risks of Open Source Under Scrutiny*, Computerworld, at <http://computerworld.co.nz/news.nsf/NL/EEC5FDAC79B7D26ACC256DE7007C3FB2> (Nov. 25, 2003)

The GPL is not typically enforced by a physical act of consent such as a signature or a tick on an online form. This may make agreement to the conditions subject to legal dispute. Also, bearing in mind the zero or nominal fee attached to the acquisition of OSS, a question mark exists over whether a “valuable consideration” has actually been transferred, as required by contract law. That could cast doubt on the need to abide by any of the terms of the licence.

*Id.*

121. *See generally* *Allied Steel and Conveyors, Inc. v. Ford Motor Co.*, 277 F.2d 907 (6th Cir. 1960); *Detroit Trust Co. v. Struggles*, 286 N.W. 844, 846 (Mich. 1939); *Gardner v. City of Englewood*, 282 P.2d 1084, 1088 (Colo. 1955).

122. *See Allied Steel and Conveyors, Inc.*, 277 F.2d at 911; *In re Owen*, 303 S.E.2d 351, 353 (N.C. Ct. App. 1983) (“Consideration is the glue that binds the parties to a contract together.”); U.C.C. § 2-204(1) (1972) (“A contract for sale of goods may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of such a contract.”).

123. *See Sternaman v. Metro. Life Ins. Co.*, 62 N.E. 763 (N.Y. 1902).

The power to contract is not unlimited. While, as a general rule, there is the utmost freedom of action in this regard, some restrictions are placed upon the right by legislation, by public policy, and by the nature of things. Parties cannot make a binding contract in violation of law or of public policy.

*Id.* at 764.

to enter into a contract and must not commit fraud in the process,<sup>124</sup> and there must be no other conditions which would render the contract void.<sup>125</sup> Under the GPL, the licensor offers to allow a licensee to exercise rights otherwise controlled by the licensor: the rights to copy, modify and distribute the licensor's program.<sup>126</sup> The GPL provides,

You are not required to accept this License, since you have not signed it. However, nothing else grants you permission to modify or distribute the Program or its derivative works. These actions are prohibited by law if you do not accept this License. Therefore, by modifying or distributing the Program (or any work based on the Program), you indicate your acceptance of this License to do so, and all its terms and conditions for copying, distributing or modifying the Program or works based on it.<sup>127</sup>

Contracts can be accepted by performance, though there is sometimes implied a requirement of an express warning that an act is required for acceptance.<sup>128</sup> The GPL, in Section 5, expressly provides that an act by the licensee will constitute acceptance of the GPL's terms.<sup>129</sup>

In addition, consideration is present. A payment of money is not required for legal consideration to exist.<sup>130</sup> Under the GPL's terms, the licensee and the licensor make mutual promises to each other. The licensee, as consideration, agrees to keep all copyright notices intact,<sup>131</sup> to insert certain required notices,<sup>132</sup> and to redistribute code only under certain conditions.<sup>133</sup> For the licensor, consideration and reliance is expressed in Sections 1 through 3 and Section 5, which contain the language, "[y]ou may copy and distribute . . . provided

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124. See, e.g., *Allied Steel and Conveyors, Inc.*, 277 F.2d at 913.

125. See *id.*

126. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 1-2, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

127. *Id.* § 5.

128. See, e.g., *Allied Steel and Conveyors, Inc.*, 277 F.2d at 913.

129. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 5, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

130. *In re Owen*, 303 S.E.2d 351, 353 (N.C. Ct. App. 1983) ("[C]onsideration exists when the promisee, in exchange for the promise, does anything he is not legally bound to do, or refrains from doing anything he has a right to do."); U.C.C. § 2-304(1) ("The price can be made payable in money or otherwise. If it is payable in whole or in part in goods each party is a seller of the goods which he is to transfer.")

131. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 1, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

132. *Id.* § 2.

133. *Id.* § 3.



that . . . ,”<sup>134</sup> “[y]ou may modify your copy or copies . . . provided that . . . ,”<sup>135</sup> “[y]ou may copy and distribute . . . provided that . . . ,”<sup>136</sup> and “nothing else [other than the GPL] grants you permission to modify or distribute the Program or its derivative works. These actions are prohibited by law if you do not accept this License.”<sup>137</sup> The reliance of each party on the promise of the other constitutes the consideration. The licensee’s promise to abide by the GPL induces the licensor to make the offer. The licensor’s grant of otherwise restricted rights induces the licensee to make her promise. This likely makes the GPL as enforceable as any other contract, and any defenses (such as mistake, fraud or unconscionability, for example) would be implicated (or not) in a manner no different than with any other contract. Two defenses to contract formation in particular may be worth their own mention: privity of contract and vagueness of term. The first is easy to dispense with; the second is more complicated and merits a separate discussion below.

Traditionally, for a contract to be valid, there had to be privity between the contracting parties; the people who had legal rights under the contract had to have a direct relationship and a “meeting of the minds.”<sup>138</sup> The challenge to the GPL in this respect is two-fold: that the direct licensor and licensee do not have privity of contract, and that subsequent licensees do not have privity of contract with the original licensor. This challenge, however, while still occasionally raised, is largely meaningless under current U.S. laws. After the introduction of the UCC and the various state statutes related to the UCC, privity of contract considerations have all but disappeared.<sup>139</sup> In addition, some state courts have directly addressed and then rejected defenses based on lack of privity.<sup>140</sup> Furthermore, general principals of contract law do not require an actual, subjective meeting of the minds between contracting parties.<sup>141</sup>

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134. *Id.* § 1.

135. *Id.* § 2.

136. *Id.* § 3.

137. *Id.* § 5.

138. *Marshall v. Wellcraft Marine, Inc.*, 103 F. Supp. 2d 1099, 1114–15 (S.D. Ind. 1999).

139. *See generally Uniform Commercial Code Locator*, at <http://www.law.cornell.edu/uniform/ucc.html#a2> (last visited Nov. 26, 2004) (listing the states that have adopted UCC to varying degrees).

140. *Koken v. Legion Ins. Co.*, 831 A.2d 1196, 1247 (Pa. Commw. Ct. 2003).

141. *Deputy v. Lehman Bros., Inc.*, 345 F.3d 494, 512 (7th Cir. 2003) (citing to *Mgmt. Computer Servs., Inc. v. Hawkins, Ash, Baptie & Co.*, 557 N.W.2d 67, 75 (Wis. 1996)).

*G. The GPL Violates U.S. Federal Antitrust Law*

Ranking: 5

Rating: A good claim to make, even if it will not succeed

1. Explanation of the Challenge

SCO claims, without further detail or support, that the GPL violates antitrust laws.<sup>142</sup> Though this challenge would likely fail in any court test, there may be an underlying well-thought-out reason for making such a claim.

2. Rebuttal of the Challenge<sup>143</sup>

A software license, like any other contract, could, in theory, violate the Sherman Act.<sup>144</sup> But U.S. antitrust law generally has as its goal the prevention of inappropriate behavior between companies or other groups which counteracts the normal competitive actions of a market economy.<sup>145</sup> The GPL works to further such goals rather than counteract them.

SCO could be basing this challenge either on the theory that the GPL results in an illegal restraint of trade<sup>146</sup> or that the GPL creates an unlawful acquisition or maintenance of a monopoly.<sup>147</sup> The former theory is based on a law that is very broad: *any* restraint on trade may be found illegal. But the U.S. Supreme Court has clarified that such a restraint must be an “unreasonable” restraint of trade.<sup>148</sup> Of the latter theory, the Sherman Act provides that “[e]very person who shall

142. SCO’s Am. Answer to IBM’s Am. Countercl. at 16, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003).

143. Telephone Interview with David Killam, Partner, Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, CA, (July 2, 2004); E-mail from David Killam, Partner, Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, CA, to Jason Wacha, General Counsel, MontaVista Software, Inc. (July 8, 2004, 5:31 p.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal).

144. Sherman Act, 15 U.S.C.A. §§ 1–7 (West Supp. 2004).

145. *See id.* § 1.

146. *See id.* (“Every contract, combination . . . or conspiracy, in restraint of trade . . . is . . . illegal.”).

147. *See id.* § 2.

148. *See Standard Oil Co. of New Jersey v. United States*, 221 U.S. 1, 60 (1911).

The statute under this view evidenced the intent not to restrain the right to make and enforce contracts, whether resulting from combinations or otherwise, which did not unduly restrain interstate or foreign commerce, but to protect that commerce from being restrained by methods, whether old or new, which would constitute an interference that is, an undue restraint.

*Id.*

monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony.”<sup>149</sup> In practice, this means that the unlawful acquisition or maintenance of a monopoly is illegal, as is using market power to extend dominance or to destroy competition. For example, companies are prohibited from setting up a series of exclusive arrangements, improperly refusing to sell, or conditioning on a vertical basis. The prohibited agreements essentially involve refusing to sell to a competitor despite the likely result that it will put that competitor out of business. This can, in theory, apply to contractual situations. But SCO will likely fail with respect to both theories.

To prevail on a claim of an unlawful monopoly, SCO would have to prove an overt act by at least two actors,<sup>150</sup> a specific intent to monopolize some area of commerce (in which case they would also then need to specifically define a market segment),<sup>151</sup> and a dangerous probability of success by an entity or group.<sup>152</sup> Who would that group be? Would it be IBM or Linux users as a whole? What would they be trying to monopolize?

Indeed, the GPL does impose some conditions on licensees (for example, the requirement to provide or offer to provide source code),<sup>153</sup> but so does virtually every other license in the world. On the whole, the GPL’s restraints (free redistribution, provision of source, etc.) are narrowly tailored to meet the GPL’s pro-competitive purpose. The GPL’s terms and restraints (including its goals of access and openness) are both reasonably necessary, on the whole, and more pro-competitive than anti-competitive.<sup>154</sup> The GPL allows both non-

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149. 15 U.S.C.A. § 2 (West Supp. 2004).

150. *See id.* § 1.

151. *See id.* § 2; *Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 459 (1993) (holding that a defendant is not liable for attempted monopolization under § 2 of the Sherman Act “absent proof of a dangerous probability that they would monopolize a particular market and specific intent to monopolize”).

152. *Id.*

153. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 3, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

154. *See, e.g., id. Preamble.*

The licenses for most software are designed to take away your freedom to share and change it. By contrast, the GNU General Public License is intended to guarantee your freedom to share and change free software—to make sure the software is free for all its users

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commercial and commercial users of software to freely copy, modify and redistribute GPL-licensed software, thus fostering wide-spread use and competitive product offerings. The restrictions, such as requirements to provide source code, to place prominent notices of changed code, and to pass along the license's terms for derived works of GPL programs, help to protect the integrity of the original code authors' work, but do not operate in an anti-competitive manner.

Furthermore, on a practical level, GPL licensors are not denying access at all; they are enabling it. The GPL in fact tends to lead to lower prices, better access, and more innovation, all of which are considered desirable under antitrust law. The GPL prohibits a licensor from charging royalties, which inherently lowers the production and sales costs of Linux-based products.<sup>155</sup> In contrast to a typical proprietary license, the GPL not only allows, but in fact mandates, licensees' access to source code and right to freely redistribute GPL-licensed programs, thus ensuring easier and broader access to code.<sup>156</sup> In addition, many GPL-licensed programs are voluntarily contributed back to the community; the authors of the programs place the programs on publicly available websites (source trees or source repositories) where any person with Internet access can freely download and use, copy, modify and redistribute the code. It is also a feature of the open source developer community that patches—code fixes—and other programming suggestions are contributed back to program authors by other developers worldwide who have downloaded and tested or otherwise used the GPL-licensed code. All of this tends to lead to a higher degree of innovation and faster repair of bugs or other software defects.

Moreover, the GPL does not violate price fixing rules. While antitrust law prevents both price fixing and price pegging (including

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Our General Public Licenses are designed to make sure that you have the freedom to distribute copies of free software (and charge for this service if you wish), that you receive source code or can get it if you want it, that you can change the software or use pieces of it in new free programs; and that you know you can do these things.

To protect your rights, we need to make restrictions that forbid anyone to deny you these rights or to ask you to surrender the rights. These restrictions translate to certain responsibilities for you if you distribute copies of the software, or if you modify it.

*Id.*

155. *Id.* § 2(b) ("You must cause any work that you distribute or publish, that in whole or in part contains or is derived from the Program or any part thereof, to be licensed as a whole at no charge to all third parties under the terms of this License.")

156. *Id.* §§ 2, 3.

using a metric such as “at cost”), a U.S. court would still examine the contract as a whole.<sup>157</sup> The Supreme Court allows necessary restraints—even pricing restraints—to achieve pro-competitive goals.<sup>158</sup> In the GPL’s case, the agreement is fundamentally pro-competitive, and even drives prices down.<sup>159</sup> However, this addresses only the cost/price issue; in the end, it would likely not affect the licensee’s ability to copy, modify or redistribute code under the GPL.

Because there is likely no per se violation of U.S. antitrust laws, SCO would have to rely on a rule of reason. But even a general, over-arching, non-specific claim that GPL is anti-competitive, under the rule of reason, would likely fail. SCO would have to show that, under this balancing test, the GPL’s restraints act in an anti-competitive way.<sup>160</sup> In other words, SCO would have to show that the anti-competitive effect of any restraints outweighs the pro-competitive effect of the GPL as a whole. But the GPL tends to lead to higher rates of innovation, greater and higher quality output, both of the Linux operating system itself and products based on the Linux operating system, and lower prices.<sup>161</sup> Thus, a general, non-specific claim by SCO that the GPL is anti-competitive is bound to fail.

In addition, to actually collect any damages under an antitrust claim, a plaintiff would have to prove not just an antitrust violation, but actual injury.<sup>162</sup> Therefore, it is unlikely that SCO sees this claim as something that would have for them a positive financial impact.

In short, even if SCO could show that the GPL gives rise to some technical violation of antitrust law (and it is doubtful that SCO could show even that much), the guidelines developed by the U.S. Supreme Court still would likely lead to the conclusion that any possible injury was not “of the type that antitrust laws were intended to prevent.”<sup>163</sup>

So why would SCO even consider including an antitrust claim in their lawsuit? In addition to just throwing in every claim they can think of to counter their own blunder of distributing Linux code for years under the GPL and then claiming that the GPL is unenforceable, SCO may be trying to use this claim as leverage. As attorney David

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157. See generally *California Dental Ass’n v. F.T.C.*, 526 U.S. 756 (1999).

158. See generally *id.*

159. See *supra* note 155 and accompanying text.

160. 15 U.S.C.A. § 2 (2004).

161. See *supra* Part II.G.

162. *J. Truett Payne Co. v. Chrysler Motors Corp.*, 451 U.S. 557, 562 (1981) (finding that “[t]o recover treble damages, then, a plaintiff must make some showing of actual injury attributable to something the antitrust laws were designed to prevent”).

163. *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489 (1977).

Killam explains, assuming that an anti-trust claim survives a motion to dismiss, it is “a wonderful discovery tool,” broad and expansive.<sup>164</sup> A plaintiff can get “an enormous amount of collateral discovery” (including purchase orders, information on sales practices, pricing information, customer lists, and more).<sup>165</sup> And, of course, it can cost the company who is forced to respond a lot of time and money.

*H. The GPL Cannot Be Enforced Because the FSF Has Selectively Enforced It*

Ranking: 4

Rating: Of passing interest

1. Explanation of the Challenge

In the suit between SCO and IBM, SCO claimed that the GPL is selectively enforced by the Free Software Foundation, and therefore enforcement of the GPL by IBM or others is waived, estopped or otherwise barred as a matter of equity.<sup>166</sup> It is true that if a party to a contract “sits on her rights” and fails to enforce them, the enforcement can be estopped or prevented under the equitable defense doctrine of laches,<sup>167</sup> but this theory is not directly applicable in the case of the GPL and the FSF.

2. Rebuttal of the Challenge

This challenge is the reverse of the argument that the GPL is unenforceable because it has never been tested in court. In fact, the FSF has a program of informal enforcement through cease and desist letters and negotiated settlements that is exactly what any licensor would do to protect its agreement short of going to court. Of course, selective enforcement is at least some enforcement. In that sense, it is evidence that the contract *is* enforceable—not the opposite.

Remember, though, that in most licenses of Linux code under the GPL, the FSF is not a party to the agreement. The FSF drafted the GPL’s language. Using a form drafted by someone else (as with Nolo Press) does not give the original drafter legal rights to enforce the agreement with some other third party. Only where the FSF was the

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164. Telephone Interview with David Killam, Partner, Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, CA (July 2, 2004).

165. *Id.*

166. SCO’s Answer to IBM’s Am. Countercl. at 16, *The SCO Group, Inc. v. International Business Machines Corp.*, No. 03-CV-0294 (D. Utah filed Mar. 6, 2003).

167. *Adelberg Labs., Inc. v. Miles, Inc.*, 921 F.2d 1267, 1270 (Fed. Cir. 1990).

actual licensor or licensee of code in a transaction would they have standing to enforce the GPL.<sup>168</sup>

### *I. The GPL Fails as a Copyright License*

Ranking: 3

Rating: Possible (in theory, if one can transcend the hurdles of whether the GPL is a contract, why any licensee would challenge it, and the fact that the licensor chose to distribute under the GPL)

#### 1. Explanation of the Challenge

First, one must accept the fact that the GPL is a license only, and not a contract, and then somehow claim that the licensor failed to properly relinquish her ability to enforce her copyright rights.

#### 2. Rebuttal of the Challenge

First, for reasons set forth immediately below, the GPL would likely be enforced as a contract.<sup>169</sup> However, as further described in this section, a challenge against the GPL's validity as a license would most likely fail in any event.

It is likely that this challenge would only be raised in the United States. Some European lawyers would tell you that, in their jurisdictions, the concept of a license does not even exist, so the GPL must be enforceable as a contract or not at all.<sup>170</sup> According to at least one licensing expert in Germany, the GPL is a contract under German law.<sup>171</sup> German law, in fact, does not distinguish between a contract and a license.<sup>172</sup> German law defines a contract as "a congruence of two or more persons' will to create a legal effect."<sup>173</sup> Therefore, even a donation is a contract since the donor and donee both have the intention that the donee receive a right or a physical object.<sup>174</sup> Moreover, under German law every license agreement is a contract

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168. Free Software Foundation, Inc., *Violations of the GPL, LGPL, and GFDL*, available at <http://www.fsf.org/licenses/gpl-violation.html> (last visited Nov. 20, 2004).

169. See *infra* Part II.I.2 for a discussion of "contract" versus "license."

170. This point was discussed in some detail by international panelists and attendees at SOFTIC Symposium 2003, Tokyo Japan, November 19, 2003.

171. E-mail from Dr. Till Jaeger, Jaschinski Biere Brex1 to Jason Wacha, General Counsel, MontaVista Software, Inc. (October 22, 2004, 2:11 a.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal) [hereinafter Jaeger E-mail].

172. *Id.* (distinguishing a "contract" as it is defined under German law from U.S. law, where German law does not even require consideration; offer and acceptance are sufficient).

173. §145 Nr. 1 BGB.

174. Jaeger E-mail, *supra* note 171.

because the transfer of rights is intended.<sup>175</sup> The German court in *Sitecom* followed this reasoning in finding for the plaintiff.<sup>176</sup> The court specifically referred to the GPL as a “contract”<sup>177</sup> and to the relationship between the licensor and licensee as a “contractual relationship.”<sup>178</sup>

Furthermore, under the GPL, one of the main obligations of the licensee is to disclose source code. This obligation could only be enforceable under a contract theory, as opposed to a license theory.<sup>179</sup> The licensee is required to forego a right (*i.e.*, the trade secret rights in the source code) and take an affirmative action to provide source code.<sup>180</sup> Such a condition could only be required by contract. If the GPL is merely a license, the licensor may have legally ceded her right to compel any licensee to reveal source code. In addition, the GPL contains a warranty disclaimer.<sup>181</sup> The UCC implied warranties can be modified by contract, but not by a condition to a license.<sup>182</sup> Arguments that software is not subject to the UCC were put to rest at

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175. *Id.*

176. *Welte v. Sitecom Deutschland GmbH*, No. 21 O 6123/04 (LG München I) (May 19, 2004), available at [http://www.jbb.de/judgment\\_dc\\_munich\\_gpl.pdf](http://www.jbb.de/judgment_dc_munich_gpl.pdf).

177. *Id.* at 12.

178. *Id.* at 9.

179. E-mails from Heather Meeker, Partner, Greenberg Traurig to Jason Wacha, General Counsel, MontaVista Software, Inc. (April 5, 2004, 11:11 a.m. Pacific time), (April 19, 2004, 7:24 p.m. Pacific time), and (April 20, 2004, 2:07 p.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal).

180. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 3, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

181. *Id.* § 11.

BECAUSE THE PROGRAM IS LICENSED FREE OF CHARGE, THERE IS NO WARRANTY FOR THE PROGRAM, TO THE EXTENT PERMITTED BY APPLICABLE LAW. EXCEPT WHEN OTHERWISE STATED IN WRITING THE COPYRIGHT HOLDERS AND/OR OTHER PARTIES PROVIDE THE PROGRAM “AS IS” WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE PROGRAM IS WITH YOU. SHOULD THE PROGRAM PROVE DEFECTIVE, YOU ASSUME THE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION.

*Id.* (emphasis in original).

182. E-mail from Heather Meeker, Partner, Greenberg Traurig to Jason Wacha, General Counsel, MontaVista Software, Inc. (April 19, 2004, 7:24 p.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal).



least a decade ago.<sup>183</sup> “It is generally understood that the license of software is the sale of a good subject to UCC Article 2.”<sup>184</sup>

But what if the GPL is not, in fact, a contract? What if it is only a license? It is difficult to imagine how a license could fail. A license is, in essence, a person promising to give up the right to prevent another from doing certain things. Non-exclusive licenses like the GPL do not even need to be in writing. But what if, for some reason, a court held the GPL to be an unenforceable license? In that case, all arguments regarding contract validity (writing requirements under the UCC, consideration, offer and acceptance) fall away, and the licensee (who received the code) reverts back to her common law rights. That means that she has the rights to use the program (*i.e.*, to copy into memory as necessary to run it) and to make a backup copy. What disappears are the restrictions and other limitations in the GPL. But these will be the only rights a licensee has—she would have no right to distribute, and no right to modify. So for a user, challenging the validity of the GPL is a dangerous game. And the licensor, of course, has made the choice to license (or sublicense) a program under the GPL, which may make a court less receptive to a licensor’s later claim that the license she chose should be invalidated. Combine this with the fact that a license, in and of itself, would be difficult to invalidate at all, and this challenge will almost certainly fail.

*J. The GPL Fails Because Its Terms Are Too Vague. The Authors of the GPL Try Improperly To Define What Constitutes a Derived Work*

Ranking: 2

Rating: Getting warmer (but a little esoteric)

1. Explanation of the Challenge

These two challenges tend to be raised, and to be discussed, separately, but they are in essence the same challenge. They focus on the language of Section 0 of the GPL, which provides that “‘a work based on the Program’ means either the Program or any derivative

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183. Colonial Life Ins. Co. of Am. v. Elect. Data Sys. Corp., 817 F. Supp. 235, 239 (D.N.H. 1993) (holding “that the Uniform Commercial Code, as adopted in New Hampshire, applies to the contract between EDS and Chubb, the principal object of which was to provide for a license to use computer software”).

184. E-mail from Heather Meeker, Partner, Greenberg Traurig to Jason Wacha, General Counsel, MontaVista Software, Inc. (April 19, 2004, 7:24 p.m. Pacific time) (on file with Santa Clara Computer and High Technology Law Journal).

work under copyright law.”<sup>185</sup> If the GPL stopped there, there may be some confusion as to the phrase “copyright law.” The GPL does not say which copyright law should apply. This leads to questions regarding choice of law. If the licensee and licensor are in different jurisdictions (and perhaps the server containing the downloaded code is in yet another jurisdiction), it may not be clear which jurisdiction’s copyright is intended to apply. But the language defining a “work based on the Program” continues: “that is to say, a work containing the Program or a portion of it, either verbatim or with modifications and/or translated into another language.”<sup>186</sup> The challenges for vagueness, and regarding the definition of derived works, both find a basis here.

A valid contract must have terms that are certain and definite.<sup>187</sup> It can be argued that the GPL’s terms, especially as to what constitutes a derivative work and must therefore be licensed under the GPL, are too vague to be enforceable. Generally, the GPL’s terms are fairly easy to interpret. This is less true, however, with two phrases, both in Section 0.

First, the GPL defers to copyright law, but it does not define whose copyright law applies. Thus, if there are licensees and licensors in different countries, for example, it may not be clear which copyright law applies, and a licensee may not truly understand her rights and responsibilities.

Second, the GPL—after purportedly deferring to copyright law to define a derivative work—gives an example (which itself does not specifically appear in U.S. law) of what the GPL’s authors consider to be a derivative work. “[A] ‘work based on the Program’ means either the Program or any derivative work under copyright law: that is to say, a work containing the Program or a portion of it, either verbatim or with modifications and/or translated into another language.”<sup>188</sup> The Copyright Act defines a “derivative work” as

a work based upon one or more preexisting works, such as a translation, . . . abridgment, condensation, or any other form in which a work may be recast, transformed or adapted. A work consisting of editorial revisions, annotations, elaborations, or other

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185. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 0, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

186. *Id.*

187. *Witt v. Realist, Inc.*, 118 N.W.2d 85, 93 (Wis. 1962).

188. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 0, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

modifications which, as a whole, represent an original work or authorship, is a “derivative work.”<sup>189</sup>

The Copyright Act’s definition, for example, does not focus on whether one work “contains” another work, or a portion of another work. Also, the Copyright Act predates the popularity of software programs. Hence, the Act’s definition specifically cites as examples “musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, [and] condensation,” but not software.<sup>190</sup> It has been up to the various U.S. Federal Circuit courts to determine what constitutes a derivative work in the context of software. Various tests have been developed, including the “abstraction, filtration, comparison” test used by the 2nd, 5th, 10th and 11th Circuits<sup>191</sup> (but expressly rejected by the 1st Circuit<sup>192</sup>), the “analytic dissection” test used by the 9th Circuit,<sup>193</sup> and others. Some Circuit courts have not yet defined derivative works or accepted or rejected any of the above tests. Adding to the confusion, no U.S. court has yet published a decision focusing on derived works in the context of open source or publicly licensed software. The closest any court has come is the case of *Computer Associates v. Quest*.<sup>194</sup> It is important, then, to look to the ways that U.S. courts have defined “derivative work.” While no case has directly addressed the GPL or open source, the tests are still illustrative.

Given the above, is the GPL Section 0 restating the definition of derivative works under U.S.—or some other—copyright law or expanding it? A licensee could argue that she did not understand just what she was signing up for.

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189. 17 U.S.C. § 101 (2000).

190. *Id.*

191. *See, e.g., Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 23 U.S.P.Q.2d (BNA) 1241, 1252–58 (2d Cir. 1992).

192. *Lotus Dev. Corp. v. Borland Int’l, Inc.*, 49 F.3d 807, 815 (1st Cir. 1995).

While the *Altai* test may provide a useful framework for assessing the alleged nonliteral copying of computer code, we find it to be of little help in assessing whether the literal copying of a menu command hierarchy constitutes copyright infringement. In fact, we think that the *Altai* test in this context may actually be misleading because, in instructing courts to abstract the various levels, it seems to encourage them to find a base level that includes copyrightable subject matter that, if literally copied, would make the copier liable for copyright infringement.

*Id.*

193. *See Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1443 (9th Cir. 1994).

194. 333 F. Supp. 2d 688 (N.D. Ill. 2004).

Additionally, as discussed above, whether a licensor has the right to control programs other than his originally licensed work depends in part on whether the new program is legally a derivative work. Some people have raised the issue of whether the FSF has tried to change the legal definition of a derivative work, thus making the license terms invalid.<sup>195</sup>

## 2. Rebuttal of the Challenge

A challenge based on vague terms should fail. A U.S. court would likely focus on whether the essential terms were well enough described to make the contract enforceable.<sup>196</sup> If a term is vague, the contract can still be valid if the terms can be clarified by interpretation in light of the surrounding facts.<sup>197</sup> U.S. courts will, whenever possible, defer to the agreement that the parties made amongst themselves, rather than try to make an agreement for them.<sup>198</sup> A court will normally invalidate a contract for vagueness only when the terms are so unclear as to prevent the awarding of remedies for breach.<sup>199</sup> For instance, if there were a written agreement to license “copies of software,” the court may not be able to tell what software was being licensed, or how many copies. But before it would invalidate the agreement, a court would try to interpret the contract given the facts that were true when the contract was made.<sup>200</sup> The GPL’s verbiage regarding derivative works, while not clearly definitive, is likely clear enough for a licensee to understand that she will need to follow the obligations which may be imposed by law. If the phrase adds an additional obligation, the licensee should understand that she will need to comply with the specific description of a derivative work provided in the GPL’s text. Furthermore, vague and uncertain terms can be cured by performance and/or acceptance.<sup>201</sup>

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195. This point was discussed by panelists and attendees at several conferences, including at SOFTIC Symposium 2003, Tokyo Japan, November 19, 2003, and at the Free Software Foundation’s Free Software Licensing and the GNU GPL Seminar, Stanford, California, August 8, 2003.

196. *See e.g.*, Witt v. Realist, Inc., 118 N.W.2d 85, 99 (Wis. 1962).

197. *Dennis v. Thermoid Co.*, 25 A.2d 886 (N.J. 1942).

198. *See, e.g.*, Witt v. Realist, Inc., 118 N.W.2d 85 (Wis. 1962).

199. *Kleinschmidt Div. of SCM Corp. v. Futronics Corp.*, 363 N.E.2d 701 (N.Y. 1977); U.C.C. § 2-204(3) (1972) (“Even though one or more terms are left open a contract for sale does not fail for indefiniteness if the parties have intended to make a contract and there is a reasonably certain basis for giving an appropriate remedy.”).

200. *ProCD, Inc. v. Zeidenburg*, 908 F. Supp. 640 (W.D. Wis. 1996).

201. *Pine Valley Apartments Ltd. P’ship v. First State Bank*, 237 S.E.2d 716 (Ga. Ct. App. 1977).

The challenge based on an improper attempt at a legal definition fails on several fronts: intent of the license, ability of parties to contract, and survivability of other provisions. The FSF has asserted that the GPL is intended to defer entirely to copyright law and has tried to incorporate this intention into the license itself.<sup>202</sup> It is the GPL's additional language—"that is to say, a work containing the Program or a portion of it, either verbatim or with modifications and/or translated into another language"—that gives rise to this additional challenge.

However, the GPL's language in this instance should not change its enforceability. If, in fact, the GPL is governed by copyright law, a court would have a body of law with which to frame its analysis. Even if the FSF's language is additive, in analyzing a contract, a U.S. court would look to the intent of the parties. If the additional phrase quoted above is somehow deemed to be something other than what is provided for in copyright law, it still would not matter. The licensor and licensee are free to agree under U.S. law that certain modifications will be licensed under the original license. Lastly, even if the phrase in question were for some reason deemed unenforceable, the balance of the license itself would likely still be enforced. This interpretation would both retain the validity of the grant of rights to copy and redistribute, and would leave a clear deference to copyright law in determining what comprises a derived work.

The question of what constitutes a "work based on the Program" under the GPL may be a thorny question of interpretation, but it is not enough to void the contract.<sup>203</sup>

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202. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 0, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991) ("[A] 'work based on the Program' means either the Program or any derivative work under copyright law.").

203. As of August 2004, there is indication from counsel for the FSF that the ambiguous phrase ("[T]hat is to say, a work containing the Program or a portion of it, either verbatim or with modifications and/or translated into another language") will be removed from Version 3 of the GPL.

*K. The GPL Is Not Legally Effective as a Clickwrap or Shrinkwrap Agreement*

Ranking: 1

Rating: The best of the bunch

1. Explanation of the Challenge

The GPL is not signed by the licensee. As discussed above, contracts can be accepted by taking an action. Based on the way that the GPL is usually delivered to licensees, it is common to analyze its enforceability as a clickwrap or shrinkwrap agreement. Clickwrap agreements are typically electronic agreements that appear on a computer screen where a user can read license terms and press a button to agree. Shrinkwrap agreements are usually wrapped around a box or product by heat shrinking or a using a sticker. A user has to physically break through the barrier to get to the software.<sup>204</sup> It is possible to deliver the GPL in either form, but arguments exist that (1) the GPL is in fact neither a clickwrap nor a shrinkwrap license, and (2) if it is a clickwrap or shrinkwrap license, it fails under the basic conditions required for such a license to be valid.

2. Rebuttal of the Challenge: In Some Cases, Maybe No Rebuttal Exists

It is relatively certain under U.S. law that shrinkwraps and clickwraps are legally enforceable as long as they meet certain requirements.<sup>205</sup> The licensee must receive notice of the license terms before buying or using the software;<sup>206</sup> the licensee must have the ability to return the software without using it, or to not download it, if he does not agree with the terms;<sup>207</sup> and the licensee must take some definitive act to accept the terms, such as breaking the seal on a shrinkwrap.<sup>208</sup>

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204. *ProCD, Inc.*, 908 F. Supp. at 650 (citing Mark. A. Lemley, *Intellectual Property and Shrinkwrap Licenses*, 68 S. CAL. L. REV. 1239, 1241 (1995)) (identifying shrinkwrap licenses as “the transparent plastic in which mass market software is encased”).

205. *ProCD, Inc.*, 908 F. Supp. at 653–54.

206. *Id.* at 655.

207. *ProCD v. Zeidenberg*, 86 F.3d 1447, 1452–53 (7th Cir. 1996).

208. *ProCD, Inc.*, 908 F. Supp. at 650. (stating that a licensee clicking a “yes” button to download a software program is a definitive act; just reading the terms of a license is not); *Ticketmaster Corp. v. Tickets.Com, Inc.*, 54 U.S.P.Q.2d (BNA) 1344, 1346 (C.D. Cal. 2000) (finding that “[m]any web sites make you click on ‘agree’ to the terms and conditions before going on, but Ticketmaster does not”).

The trend in U.S. courts is to uphold shrinkwrap and clickwrap agreements.<sup>209</sup> Thus, the courts have given a legal stamp of approval to one of the fastest growing methods of software distribution: via the Internet. In fact, U.S. courts have not only expressly upheld both shrinkwrap<sup>210</sup> and clickwrap<sup>211</sup> agreements, they have gone as far as to actually affirmatively recommend the use of a clickwrap license.<sup>212</sup>

The GPL is interesting because it is not a use license. The license terms apply only when the user copies, modifies or distributes GPL-licensed code.<sup>213</sup> The GPL states that the mere fact of doing any of these acts indicates that the licensee accepts the license.<sup>214</sup> As discussed above, GPL Section 5 requires the licensee to take an affirmative act to accept the terms of the license, but, depending on how the GPL is delivered, the question arises as to whether the licensee has any notice of the license terms before exercising the licensed rights. The GPL requires in Section 1 that the licensor give any recipients of a GPL licensed program “a copy of this License along with the Program.”<sup>215</sup> The FSF has generally approved of both physical and electronic delivery of the GPL.<sup>216</sup> Most licensors get the

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209. *See* I. Lan Sys., Inc. v. Netscout Serv. Level Corp., 183 F. Supp. 2d 328 (D. Mass. 2002); Davidson & Assoc., Inc. v. Internet Gateway, No. 4:02-CV-498-CAS, 2004 WL 2251768 (E.D. Mo. Sept. 30, 2004).

210. *ProCD, Inc.*, 908 F. Supp. 640.

211. *Hotmail Corp. v. Van\$ Money Pie, Inc.*, 47 U.S.P.Q.2d (BNA) 1020 (N.D. Cal. 1998) (finding that defendants were bound to terms of an electronic on-line agreement providing Terms of Service for email account usage); *Caspi v. Microsoft Network, L.L.C.*, 732 A.2d 528 (N.J. Super. Ct. App. Div. 1999) (finding that defendants were bound to terms of an electronic on-line agreement providing terms of use for an internet service provider).

212. *Am. Eyewear v. Peeper’s Sunglasses and Accessories, Inc.*, 106 F. Supp. 2d 895 (N.D. Tex. 2000).

213. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 0, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991) (“Activities other than copying, distribution and modification are not covered by this License; they are outside its scope.”).

214. *Id.* § 5.

You are not required to accept this License, since you have not signed it. However, nothing else grants you permission to modify or distribute the Program or its derivative works. These actions are prohibited by law if you do not accept this License. Therefore, by modifying or distributing the Program (or any work based on the Program), you indicate your acceptance of this License to do so, and all its terms and conditions for copying, distributing or modifying the Program or works based on it.

*Id.*

215. *Id.* § 1.

216. This was discussed by representatives of the FSF at the Free Software Foundation’s Free Software Licensing and the GNU GPL Seminar, Stanford, California, August 8, 2003. The FSF has not approved of only posting the GPL on the internet. *See, e.g., Frequently Asked Questions*, available at <http://www.fsf.org/licenses/gpl-faq.html> (last visited Nov. 26, 2004).

GPL in one of two ways: they get a piece of paper with the GPL printed on it (but not normally “wrapped” around any box or piece of software) or they get, along with the software, an electronic file containing the GPL (but normally without the file being designed as a clickwrap).<sup>217</sup>

If the licensee receives a piece of paper, whether it is a single piece devoted to the GPL or part of a manual that happens to include the GPL among other information, the licensee may intentionally or unintentionally never read the license. With electronic delivery, the GPL is normally a separate file included on the same media as the program, perhaps along with many other files as well, yet the licensee is rarely forced to click through and agree to the license terms before the program is accessible. Indeed, that would violate the spirit of the GPL itself, as it is not a use license. The user may, in fact, never access and read the GPL.

If the user is only acquiring, loading and using a program licensed under the GPL, failure to read the license is a non-issue. Anyone is free to use a GPL-licensed program without accepting the terms of the license, but what about making a copy of the licensed program, or modifying or redistributing it? According to the GPL Section 5, “nothing [other than the GPL] grants you permission to modify or distribute the Program or its derivative works. These actions are prohibited by law if you do not accept this License.”<sup>218</sup> There is generally no method employed to meet the first legal hurdle required to make a shrinkwrap or clickwrap effective: that the licensee must receive notice of the license terms before exercising the licensed rights.<sup>219</sup> Absent taking specific precautionary steps, a GPL licensor is likely to provide his work to others with no practical steps

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It might be tempting to include a URL that refers to the license, instead of the license itself. But you cannot be sure that the URL will still be valid, five years or ten years from now. Twenty years from now, URLs as we know them today may no longer exist. The only way to make sure that people who have copies of the program will continue to be able to see the license, despite all the changes that will happen in the network, is to include a copy of the license in the program.

*Id.*

217. Some companies, such as MontaVista Software, take affirmative steps to provide the GPL to customers before providing any software.

218. Free Software Foundation, Inc., *GNU General Public License, Version 2* § 5, available at <http://www.fsf.org/licenses/gpl.txt> (June 1991).

219. The court in *Ticketmaster* indirectly addressed this issue. The court discussed in positive terms shrinkwrap license terms that are “open and obvious,” and rejected an argument in favor of website terms and conditions that the user could scroll through, but that did not require an affirmative act of acceptance. *Ticketmaster v. Tickets.com, Inc.*, 54 U.S.P.Q.2d (BNA) 1344, 1346 (C.D. Cal. 2000).



taken to offer the licensee the chance to understand the license terms and to accept or reject those terms before exercising the licensed rights. In this respect the GPL would fail as valid clickwrap or shrinkwrap agreement.

However, a court assessing this question could still easily conclude that most licensees are aware that the GPL covers their software. A software engineer who is well acquainted with the existence of the GPL might have trouble arguing with a straight face that she was unaware that, for instance, the FSF intends the GPL to apply to Linux.

### 3. The GPL as a Clickwrap Under UCITA and E-Sign

Two new bodies of law are just beginning to receive recognition in the United States: the Uniform Computer Information Transactions Act (“UCITA”)<sup>220</sup> and The Electronic Signatures in Global and National Commerce Act (“E-Sign”).<sup>221</sup> The GPL is even more likely to be enforced under both of these sets of laws. UCITA codifies the validity of shrinkwrap and clickwrap agreements, but, to date, it is only the law in two states, Virginia and Maryland.<sup>222</sup> E-Sign defines electronic signatures to include a “process[] attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record,”<sup>223</sup> which may be broad enough to encompass clickwrap agreements. In addition, the E-Sign Act provides that a signature, contract or other record cannot be denied legal effect solely because it is in electronic form and expressly approves of electronic records of agreements.<sup>224</sup> At least one U.S. court has also expressly approved of electronic agreements, even when the licensor did not provide a noticeable “print” or “save” button in connection with the license terms.<sup>225</sup>

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220. Uniform Computer Information Transactions Act (“UCITA”) Proposed Official Draft, (2002) (Copies of the UCITA may be obtained from: National Conference Commissioners on Uniform State Laws, 211 E. Ontario St., Ste. 1300, Chicago, IL 60611).

221. Electronic Signatures in Global and National Commerce Act, Pub. L. No. 106-229, 114 Stat. 464 (2000) (codified at 15 U.S.C. §§ 7001 *et seq.*).

222. *Update on UCITA*, NEWS FROM THE STATES (National Conference of State Legislatures) Winter 2002, at <http://www.ncsl.org/programs/lis/CIP/CIPCOMM/news0202.htm>.

223. Electronic Signatures in Global and National Commerce Act, Pub. L. No. 106-229, § 106(5), 114 Stat. 464, 472 (2000) (codified at 15 U.S.C. § 7006).

224. 15 U.S.C. § 7001(a)(1) (2000).

225. *In re RealNetworks, Inc., Privacy Litigation*, No. 00 C 1366, 2000 WL 631341 (N.D. Ill. 2000).

### III. CONCLUSIONS AND FINAL THOUGHTS

The SCO Group and others have directly or indirectly challenged on a number of fronts the enforceability of the GNU General Public License. The nature of the challenges range from completely baseless to somewhat colorable. But what has driven these challenges and allowed them to survive this long has been a fear of Linux by proprietary operating system providers, ignorance of the nature of the GPL, and examination of the challenges by a primarily non-legal audience. As legal professionals begin to examine the challenges more closely, uncertainty about the GPL's validity should vanish. The German court's enforcement of the GPL in *Welte v. Sitecom*<sup>226</sup> is a positive start. We can, of course await the scheduled November 2005 trial date in *SCO v. IBM* to see if a U.S. court will address the validity of the GPL, but in the meantime, we should not fear. The GPL is an enforceable agreement, and the challenges presented to date do not signal trouble for the GPL, for open source generally, or for the Linux community at large.

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226. *Welte v. Sitecom Deutschland GmbH*, No. 21 O 6123/04 (LG München I) (May 19, 2004), available at <http://www.jbb.de/html/?page=news&id=32>.