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LAW AND MANAGEMENT

'Jacobsen' Gives Legs to Open Source Software

Ruling allows copyright holders to take action against infringement

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In the Aug. 13 opinion in *Jacobsen v. Katzer,* 2008-1001, 2008 WL 3395772, the Federal Circuit U.S. Court of Appeals ruled that violation of an open source license constitutes copyright infringement rather than a breach of contract. In so holding, the Federal Circuit rejected the notion that the free and unlimited nature of open source software licenses mandates that provisions of these licenses be construed as covenants, the violation of which would constitute breach of contract, rather than conditions that give rise to a claim of infringement. Specifically, the court held:

Intellectual Property

"Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material. … The choice to extract consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition."

The Federal Circuit's holding in *Jacobsen* opens the door for open source copyright holders to seek injunctive relief for violation of the open source license.

Although the language of the decision is clear, the scope and precedential impact of *Jacobsen* remain uncertain. Although there have been no official reports of any proceedings having been commenced, some have speculated that a petition for *certiorari* could be filed with the U.S. Supreme Court that if granted might result in the *Jacobsen* ruling being overturned or modified.

Even absent modification by subsequent review, the impact of the *Jacobsen* ruling remains somewhat uncertain. The Federal Circuit does not normally rule on copyright issues; a procedural oddity brought the *Jacobsen* case before the court. Furthermore, the Federal Circuit's ruling was based in part on the text of the license at issue (focusing on the language "provided that," which is typically regarded as imposing a condition) and the meaning of its key terms

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under California law. However, at the very least, the decision extends a level of recognition to open source software that may influence subsequent rulings on the issue.

'JACOBSEN' HIGHLIGHTS IMPORTANCE OF OPEN SOURCE

Not surprisingly, the open source community has hailed the *Jacsobsen* opinion as a major victory. Originally considered a niche genre confined to hobbyists and enthusiasts, open source software has taken on critical significance in light of its role in the emergence of the Internet as a ubiquitous tool of communication. Because any programmer may contribute to an open source software project, the products of such collaborations are often perceived as being more stable and secure than their closed source counterparts, since bugs and vulnerabilities are more readily diagnosed and patched. Consequently, open source products are used extensively in contexts such as online communication where reliability and security are prime concerns. Indeed, the *Jacobsen* court recognized open source licensing as a driving force behind modern technological innovation and hinted that its ruling was aimed at ensuring the model's continued growth and viability. The court referred to open source licensing as a "method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago," and referenced the Apache Web server, the Firefox Web browser and the Linux operating system as illustrations of important open source products.

PROPRIETARY SOFTWARE VENDORS TAKE NOTE

Jacobsen's factual background mirrors a scenario that many proprietary software vendors are likely to be confronted with as open source software continues to grow in prominence. Jacobsen managed the Java Model Railroad Interface project (JMRI), a nonprofit group that created an open source application allowing users to program the decoder chips used to control model trains. Both the application and its underlying source code were made publicly available for download and use. Jacobsen's application was governed by the Artistic License, which allowed the software to be used and modified by the public free of charge provided that the user describe any modifications to the source code and a) make the modified versions freely available; b) use the modified package "only within [the user's own] corporation or organization"; or c) "rename any non-standard executables so the names do not conflict with standard executables, which must also be provided, and provide a separate manual page for each non-standard executable that clearly documents how it differs from the Standard Version." The license also required that the user identify the original authors and include the copyright notices. The defendants developed a competing, proprietary software product that incorporated portions of the plaintiff's source code but did not comply with the Artistic License.

The usage of open source software has become widespread in the development of proprietary software, and many software vendors offering open source applications have introduced new licensing models designed to generate revenue from this trend. Popular open source licenses such as the GNU General Public License and the Artistic License typically require third parties who wish to distribute a modified version of an open source application to distribute the source code along with the product, i.e., any software application containing open source components must itself be dedicated to the public. However, to enhance reception by commercial users, a growing number of open source software vendors are engaging in dual-licensing; a practice by which the vendor licenses an otherwise open source software application under a traditional fee-based license that frees the licensee from many of the requirements of the standard open source license. The growing prevalence of this business model underscores the importance of the *Jacobsen* decision, as such software vendors now have a potential stick to go along with the carrot of a licensing deal that allows the licensee to use an open source software product without having to comply with an open source license.

LITIGATION BY OPEN SOURCE VENDORS NOW MORE LIKELY

Historically, open source copyright holders were individuals or small organizations like JMRI with limited resources or motivation to pursue legal action. However, a number of recent, high-profile acquisitions have vastly expanded the resources of open source projects. For example, in 2003, Novell acquired SuSE, a popular distribution of the Linux operating system, for $210 million (See http://news.cnet.com/2100-7344_3-5101680.html). This year, Sun Microsystems acquired MySQL AB, makers of open source database management system MySQL, for $1 billion (See http://news.cnet.com/8301-10784_3-9851644-7.html). Additionally, several open source software projects have quickly evolved into companies with substantial resources and market presence in their own right. Mozilla Foundation (proprietor of the Firefox Web browser) incorporated in 2005 and for 2006 reported revenues in excess of $65 million. Automattic Inc. — creator of the online blogging platform Wordpress.com, which is reported to attract 63 million unique monthly visitors — acquired three venture-funded startups in the past year and reportedly has recently spurned a $200 million acquisition offer. Open source software vendors are thus larger and have deeper pockets than ever before.

Coupled with these recent business developments in the software sector, the *Jacobsen* decision is widely expected to inspire open source copyright holders to pursue litigation more aggressively. Indeed, the possibility of injunctive relief as a remedy for infringement of open source licenses may spark a litigation trend akin to the patent infringement claims of recent years. Whereas most software copyright infringement suits previously involved claims that an arms-length license agreement between two parties had been breached, the *Jacobsen* decision introduces the possibility that a software vendor may be subject to an injunction imposed on behalf of an entity with which it had previously had no direct dealings. In light of the threat of an injunction potentially barring the use or distribution of closed source software products that violate open source agreements, many proprietary software vendors who have not previously perceived litigation based on open source issues as a significant threat to their business model may consider implementing more rigorous due diligence procedures with respect to their own software products or those of potential acquisition targets.

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