I. Introduction

Pity the poor Artistic License version 1.0 (ALv1). The Free Software Foundation criticizes the license as “too vague” with some passages “too clever for their own good.” The Open Source Initiative suggests that it has been *superseded,* and ALv1’s authors at the Perl Foundation even acknowledge its flaws. Yet it is the ALv1, not the venerable GNU General Public License (GPL), which the Federal Circuit upheld in Jacobsen v. Katzer, establishing at long last that open source licenses are enforceable.

Although that outcome received most of the headlines, the case’s greater significance lies elsewhere. Jacobsen v. Katzer teaches valuable lessons about conditions and covenants in license contracts, lessons that apply to software licenses of all persuasions, open source and binary use alike. Moreover, the case raises an important issue about the interplay between contract and intellectual property law: can licensors manipulate the distinction between covenants and conditions in such a way that upsets the delicate balance in copyright law?
This article begins with a short description of open source licensing, followed by a discussion of the Jacobsen v. Katzer case and the lessons that it teaches about license contracts. Then, this article presents the questions left unresolved by Jacobsen v. Katzer: (1) Can licensors manipulate the distinction between covenants and conditions, thereby positioning themselves to obtain copyright remedies, particularly injunctive relief, on top of contract remedies; (2) If so, does this unwisely enhance a licensor’s power under copyright law, tipping the balance too far in the direction of copyright holders?

The article explores two approaches to resolving this open issue. One approach leaves the distinction between pure covenants and license conditions in the hands of the contracting parties. The other approach attempts to create a principled distinction between pure covenants and license conditions. This article concludes that leaving the distinction to the contracting parties, though not perfect, better supports business model innovation, particularly open source licensing, which contributes significantly to innovation and healthy competition in the software industry. Courts can temper the power of licensors when necessary by utilizing the boundaries already inherent in intellectual property licensing law. These boundaries, coupled with prudence in granting injunctive relief for breach of license conditions, should maintain the appropriate balance within copyright law while preserving the positive role of license contracts.

*337 II. A Rapid Primer on Open Source Licensing

Although open source licensing seemed mysterious in the past, many commentators have now described its nature and purposes.6 Here are the basics, beginning with the “open source” nomenclature. The word “source” refers to software in its source code form. Programmers write software in source code using a computer language such as Basic or C. Anyone proficient in the computer language can read and understand the source code.

The word “open” generally refers to the Open Source Definition (OSD).7 An organization called the Open Source Initiative8 created the OSD, which sets out general principles that a license must meet to be considered (at least by its reckoning) “open source.” For example, the OSD requires that an open source license grant the unencumbered right to make modifications and distribute the licensed software.9 The Free Software Foundation (FSF)10 prefers the term “free” rather than “open” because it emphasizes that the goal is to keep the software “free as in freedom.”11 As the debate continues about which term is more apt,12 many *338 people simply refer to the software as FOSS--Free and Open Source Software or, for those who like adding a reference to the more illustrative word “libre” (clarifying that it’s about “free speech, not free beer”), some use “FLOSS.”13

Open source software stands in contrast to binary use software—(BUS), typically called proprietary14 or commercial15 software, which is software licensed in object code form primarily for end use only.16 Binary (or object) code is software in machine readable form which cannot be understood by humans. When distributed in binary form, software retains the secrecy of its inner workings (bolstered by provisions in the license contract against decompiling)—this is important because some programmers, especially software firms such as Microsoft and Adobe,17 view these inner workings as a valuable trade secret.18 Beyond *339 retention of trade secrets, many programmers employ binary use licensing because so few software users have the skill or interest in looking at or modifying source code.

Despite the differences between FOSS and BUS, they share one important characteristic: a copyright on the software code, combined with a license of the code, creates the legal framework for the transaction model.19 As one prominent open source group says: “To stay free, software must be copyrighted and licensed.”20 FOSS relies on license contracts and so does BUS; they only differ in the particular contract terms used.21

Software developers who license BUS use a wide variety of license contracts with their software. The software industry calls these “end user license agreements” (EULAs) or “mass market” software licenses; in popular terminology, “shrink wrap or click wrap licenses.”22 When it comes to open source license contracts, the Open Source Initiative has approved over 60 licenses as complying with the OSD.23 Despite this diversity,24 most open source programmers use either GPL 2.025 or some variation of the BSD License.26

*340 III. Jacobsen v. Katzer: A Traditional Story with a Contemporary Twist

The story of Jacobsen v. Katzer begins in a traditional setting--with a hobbyist, Robert Jacobsen, sharing his software.27 In this case, Jacobsen and a community of contributing developers created a software program called DecoderPro to control
model trains. The legal vehicle used to share DecoderPro was ALv1. Most developers use this license because it requires attribution of authorship in a variety of ways, so presumably Jacobsen chose it for that reason.

Enter Matthew Katzer and his company KAM Industries (collectively, “Katzer”). Katzer developed a competing software product called Decoder Commander. At some point, someone at Katzer used portions of DecoderPro in Decoder Commander. In doing so, Katzer did not provide the forms of attribution called for in ALv1.

Jacobsen objected to Katzer’s failure to provide proper attribution. In the course of discussions between the parties, Katzer accused Jacobsen of patent infringement—a common twist in contemporary software disputes. This led Jacobsen to sue Katzer, seeking a declaratory judgment that he had not infringed Katzer’s patent. As one would expect, the parties added copyright, trademark, tort, and other causes of action to the litigation. Eventually, Jacobsen sought a preliminary injunction, arguing that Katzer’s violation of the terms of ALv1 constituted copyright infringement.

The District Court denied Jacobsen’s request because: “The condition that the user insert a prominent notice of attribution does not limit the scope of the license. Rather, Defendants’ alleged violations of the conditions of the license may have constituted a breach of the nonexclusive license, but does not create liability for copyright infringement where it would not otherwise exist.” In other words, Katzer’s failure to provide attribution might breach the parties’ contract but it did not infringe Jacobsen’s copyright. As a result, the likelihood of Jacobsen getting his preferred (perhaps only) remedy, injunctive relief, would be remote because injunctive relief is common for copyright infringement but granted rarely for breach of contract.

Jacobsen appealed this ruling to the Court of Appeals for the Federal Circuit. Although the U.S. Congress established the Federal Circuit to decide patent law appeals, other intellectual property-related disputes may come before the court because, if a case “arises under” patent law, the Federal Circuit decides all issues. Because Katzer claimed patent infringement and Jacobsen challenged that via an action for declaratory judgment, the Federal Circuit had jurisdiction over the entire case. Several open source-related organizations, led by Stanford’s Center for Internet and Society and including the Open Source Initiative, filed an amicus brief in support of Jacobsen’s position.

The Federal Circuit vacated and remanded the District Court’s judgment in a unanimous opinion written by Judge Hochberg, a District Court judge from New Jersey joining the Federal Circuit panel by designation. Clearly, the Federal Circuit understood open source software and the importance of its licensing: “Open source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago.” “There are substantial benefits, including economic benefits, to the creation and distribution of copyrighted works under public licenses that range far beyond traditional license royalties.”

The Federal Circuit focused on the District Court’s decision that the attribution requirements in ALv1 sounded in contract rather than copyright: “The heart of the argument on appeal concerns whether the terms of the Artistic License are conditions of, or merely covenants of, the copyright license.” “The District Court did not expressly state whether the limitations in the Artistic License are independent covenants or, rather, conditions to the scope; its analysis, however, clearly treated the license limitations as contractual covenants rather than conditions of the copyright license.”

In contrast to the District Court, the Federal Circuit concluded that ALv1 contained conditions on the license grant. It first pointed to the preamble of ALv1, which says: “The intent of this document is to state the conditions under which a Package may be copied.” It then turned to ALv1’s license grant provision, which granted a license “provided that” certain obligations were met. Looking to basic contract case law, the Federal Circuit ruled that the wording “provided that” normally denotes a condition. According to the Federal Circuit: “The copyright holder here expressly stated the terms upon which the right to modify and distribute the material depended. . . .” “A copyright holder can grant the right to make certain modifications, yet retain his right to prevent other modifications. Indeed, such a goal is exactly the purpose of adding conditions to a license grant.”

The balance of the Federal Circuit’s opinion addressed whether injunctive relief was appropriate in cases where conditions on copyright licenses were ignored. The answer: “yes.” as established many years ago in the U.S. federal courts. “Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right.” The Federal Circuit explained how injunctive relief is particularly appropriate and important for open source licenses where the software is often provided to the public at no charge. According to the court: “. . . [T]hese types of license restrictions might be rendered meaningless absent the ability to enforce through injunctive relief.”
IV. Four Lessons From Jacobsen v. Katzer

Jacobsen v. Katzer teaches four primary lessons:

The first lesson taught by Jacobsen v. Katzer is that if a licensee fails to abide by a condition placed on a license grant, then he or she infringes the licensor’s copyright.86 In other words, ignoring the condition not only breaches a contract, it infringes a copyright. It is worth noting that this lesson is hardly a new one.87 It is an important one, however, because of its relationship to the second lesson.

The second lesson taught by Jacobsen v. Katzer is that courts can grant injunctive relief for breaches of open source licenses.88 As the Federal Circuit highlighted in Jacobsen, injunctive relief4 is particularly critical in open source *344 licensing because the standard remedy for breach of contract, monetary damages, normally is beside the point.79 Instead, FOSS licensor hope to prevent further copying, distribution, or modification of their software by those who fail to abide by open source license terms or, better yet, to obtain an affirmative injunction to, for example, require public release of the licensee’s source code89 or proper attribution. Like the first lesson, this lesson is not a new one—courts have long granted injunctive relief in copyright licensing cases.77 Indeed, courts presume the irreparable harm needed to obtain an injunction in copyright cases (although that may change after eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006)).79

The third lesson is that license provisions fall into two categories: a pure contractual covenant or a license condition.90 I use the word “pure” (some courts use “independent”89 or “mere”85) to highlight that some provisions in license contracts do not have any copyright implications.82 “Pure” contrasts with “blended”—a license condition is a blended contractual covenant in that it blends features of contract and copyright. As such, breach of a license condition covenant can trigger copyright infringement, not merely breach of contract.91 Pure contractual covenants, as previously mentioned, only can trigger breach of contract.92 Thus, the distinction is vital because of the teaching of lesson two about the importance of injunctive relief in open source licensing.

*345 Like lessons one and two, lesson three is not new news.85 The pure covenant versus license condition distinction played a significant role in the Sun Microsystems v. Microsoft case in which Sun claimed that Microsoft had breached a license for Java technology.86 While this third lesson is simple to articulate, its application can be complex87 and raises issues not resolved by Jacobsen v. Katzer.89

The final lesson: contract law applies to open source licenses.90 This will come as no surprise to most readers—in fact, most would be surprised if it did not.95 However, Eben Moglen,95 former general counsel for the FSF and one of the most influential lawyers in the free software community, has argued that free software licenses are “pure licenses,” not contracts.96 Two primary issues probably fueled the need to argue for this distinction: (1) a fear that, by calling it a contract, injunctive relief would not be available; (2) a concern that certain contract formalities could not be met, primarily manifestation of assent by the licensee and exchange of consideration.95

*346 Confusion in the open source community about the meaning of the term “license” also may have played a role. There seems to be a mistaken belief that things are either licenses or contracts when, in fact, most of the time84 they are both contracts and licenses—that is, contracts that contain licenses. To be most accurate, the entire contract should be called the “license contract”93 and the rights-granting part of that license contract should be called the “license.”96

In any event, many commentators have disputed the merits of the pure license concept.97 They point out, among other things, that some open source licenses may be unilateral contracts, but they are contracts nonetheless. Perhaps more significantly, the “pure license” concept is an artifact. The concerns that drove the creation of the concept in the early 1990s, when Stallman wrote GPL 2.0, now have abated.89 As confirmed in Jacobsen v. Katzer, a FOSS programmer can get injunctive relief if a licensee acts outside the scope of the license.99 Moreover, Jacobsen confirmed that open source licenses do not lack consideration,100 and there is little doubt they otherwise meet the standards required by modern contract law for providing the prerequisites to an enforceable contract: an opportunity to review and manifestation of assent.101
Sometimes sorting out whether a particular provision should be considered a license condition or a pure covenant will be straightforward. The analysis may begin and end with a look at the license grant provision. The license grant from the Simple Public License 2.0 (SimPL) provides a useful illustration. It says:

You get the royalty free right to:

• Use the software for any purpose;
• Make derivative works of it (this is called a “Derived Work”);
• Copy and distribute it and any Derived Work.

If you distribute the software or a Derived Work, you must give back to the community by:

• Prominently noting the date of any changes you make;
• Leaving other people’s copyright notices, warranty disclaimers, and license terms in place;
• Providing the source code, build scripts, installation scripts, and interface definitions in a form that is easy to get and best to modify;
• Licensing it to everyone under SimPL, or substantially similar terms (such as GPL 2.0), without adding further restrictions to the rights provided;
• Conspicuously announcing that it is available under that license.

The SimPL’s license grant provision describes the rights granted in three bullet points. Immediately following the description of the rights granted, the license states that “if you distribute the software or a Derived Work, you must give back to the community by” abiding by five bulleted conditions. The “must give back” requirements tie directly back to the preceding grant of rights, thus making them license conditions rather than pure covenants.

By design, the SimPL uses informal words to alert the reader that the license grant comes with conditions. Licenses using a more formal tone might use the words “provided that,” “only if,” or “on the condition that” to signify that the license grant contains conditions. Indeed, many complex licenses have an entire section or several sections labeled “License Conditions.”

But things do not always come so neatly packaged. Let’s change the terms of the SimPL to illustrate. What if, instead, the SimPL said:

You get the royalty free right to:

• Use the software for any purpose;
• Make derivative works of it (this is called a “Derived Work”);
• Copy and distribute it and any Derived Work.

You give back to the community by:

• Prominently noting the date of any changes you make;
• Leaving other people’s copyright notices, warranty disclaimers, and license terms in place;
• Providing the source code, build scripts, installation scripts, and interface definitions in a form that is easy to get and best to modify;
• Licensing it to everyone under SimPL, or substantially similar terms (such as GPL 2.0), without adding further restrictions to the rights provided;

• Conspicuously announcing that it is available under that license.

No particular words (such as “provided that”) signal that the requirements in the five bullets place conditions on the license grant. In fact, nothing indicates clearly that the five bullets tie back to the license grant at all. Are they conditions on the license grant or pure covenants? It’s hard to say. But, of course, this conclusion will not suffice if a client asks the question: What can I do if someone is ignoring a term in my license (or, for a licensee client, what can happen to me if I failed to abide by a term)? The conclusion will also not suffice if interpretation of the license gets disputed in court.

When faced with interpreting a contract, American courts endeavor to discern the intent of the parties.107 If a contract is integrated, most courts will not look beyond the words of the contract document itself,108 although some may consider *349 other evidence to help interpret ambiguous terms.109 Courts may apply various cannons of construction from the law of contracts: interpret the disputed provision in light of other provisions in the contract; look to course of dealing or performance; look to industry practice; construe terms against the drafter.110 With respect to covenants and conditions, there is some authority for the proposition that state contract laws should presume that provisions are covenants rather than conditions in the absence of compelling evidence.111

A. A Complexity: Whose Intent? Should the Form Drafter’s Intent Matter?

In open source licensing, what is the intent of the parties? Sometimes this is difficult to discern. Programmers often pick an open source license form without detailed knowledge of its terms. In general, they pick the GPL if they support the Free Software Foundation’s “free software” philosophy; if not, they select the BSD License.112 Of course this is an over-simplification because FOSS programmers use many other open source licenses, but it gives a sense of the mindset of the typical open source developer who selects a license based on a philosophical viewpoint rather than any detailed understanding of the terms of the license contract.113

Should the form drafter’s intent play any role in interpreting the license? Open source programmers often act as if it matters, particularly in the case of the *350 GPL. The Free Software Foundation has an extensive FAQ document dealing with its interpretation of the GPL.114 The effort to document the Free Software Foundation’s views on its interpretation of the new GPL version 3.0 through its sister organization, the Software Freedom Law Center, have been particularly extensive.115

But should it matter from a legal point of view? Often the answer will be clearly “no.” If a programmer uses the BSD License, for instance, it is doubtful that the intent of its author (the University of California) would be particularly relevant. Arguably, however, the form drafter’s intent may matter if the licensor chose the license to signal that he or she is part of a particular open source community, or the licensee chose the software because of that signal.116 In this situation, the open source license serves as something like a social compact or constitution117 as well as a contract. In U.S. contract law this may be evidence of trade usage or industry custom118 although this normally will not prevail over the specific terms of a contract.119

To the extent it is relevant, the form drafter’s intent should not be dispositive. The licensor or licensee may not be well schooled in the form drafter’s interpretation of the finer points of the license form and, even if they are, may not agree with it. A famous disagreement with the Free Software Foundations’ interpretation of the GPL came to light when Linus Torvalds, author of Linux, felt compelled to add an explanatory note120 to clarify that he did not agree with the *351 Free Software Foundation’s expansive interpretation of when the “share alike” provision of the GPL was triggered.121

B. An Open Issue: License Condition or Pure Covenant--Do the Parties Always Get to Choose?

The most important question left open by Jacobsen v. Katzer is this: To what extent can license drafters choose whether a particular license provision is a pure covenant or a license condition? Of particular importance is this related question: Can the parties turn any provision, any provision at all, into a license condition and thereby trigger a copyright infringement in the event of breach? The Federal Circuit (in a footnote) seems to indicate that the context matters in determining the character of a given provision--the same provision may be either a condition or a pure covenant, depending on how it is used in the
license contract. That is certainly true, but is a license infinitely malleable?

Let’s turn to an example from GPL 3.0 (GPLv3), the newly minted version of the GPL.123 GPLv3 contains a provision whose purpose is to thwart the use of digital rights management (DRM) technology.124 As a short hand, let’s call this the “DRM Section.” The DRM Section, new to GPLv3, is one of the key provisions that, according to Richard Stallman, justify switching to it from GPLv2.125

*352 The DRM Section follows a provision labeled “2. Basic Permissions” and comes before provisions labeled “4. Conveying Verbatim Copies,” “5. Conveying Modified Source Versions,” and “6. Conveying Non-Source Forms.”126 The latter four provisions clearly read like license grants with accompanying license conditions. The DRM Section, though situated in the midst of licenses, is not connected to the licenses in any obvious way.127 It does not, on the face of it, look to be a condition on any of the surrounding license grants. It appears to be a standalone contractual provision; in other words, a pure covenant.

It is unclear whether the FSF intended this or not.128 Let’s assume that it did not—that, the FSF really intended to create a license condition in order to trigger a copyright infringement129 if a licensee breached the DRM Section. Next let’s assume that the FSF decided to revise the current DRM Section to clarify that the section is a license condition rather than a pure covenant. It could easily do this by adding the following language to the DRM clause: “The licenses in Sections 2, 4, 5, and 6 are expressly conditioned on your compliance with the terms and conditions of Section 3 [The DRM Section].”

*353 Should the FSF or any other license drafter have the freedom to change a pure covenant into a license condition with the express purpose of enhancing the remedies available for breach of the provision? Starting from the premise of freedom of contract, a core underpinning of U.S. contract law, the answer seems to be “yes,” the parties can structure their contract as they see fit. If one side does not want a provision to be characterized as a license condition, then it can negotiate to change that. Indeed, a powerful or clever licensee could negotiate so that provisions that normally serve as license conditions are phrased as pure covenants to avoid the possibility of injunctive relief. In the case of a standard form, the prospective licensee can refuse the license on that basis.

At one level, this seems correct, but would this be true for every conceivable provision? What about royalty-related provisions130—either a provision that requires payment131 or a provision such as GPLv3 § 10 that prohibits royalties? For example, should the following provisions trigger a copyright infringement? First, in a hypothetical royalty bearing license contract: “Subject to the timely payment of royalties under the license contract, licensor grants you the following rights . . .”132 Second, in a hypothetically revised GPLv3: “Sections 2, 4, 5, and 6 are expressly conditioned on your compliance with the requirements in Section 10.” To take this to the logical extreme, should the following license grant trigger a copyright infringement for breach of literally any provision in the license contract: “Conditioned upon licensee’s compliance with each and every provision of this Agreement, licensor grants the following rights . . .”?133

So if a clever lawyer can draft virtually any provision to look and to work like a license condition, this raises important questions: Do the parties always get to elect whether a provision is a license condition, or is there a principled distinction between a pure covenant and a license condition? Is there some deeper policy issue at stake in manipulating the distinction? Does manipulating the license condition/pure covenant distinction ever unfairly extend the power of the exclusive rights granted under copyright law by expanding the prospects for injunctive relief?134

To answer these questions, I begin by discussing two ways to view the distinction between pure covenants and license conditions. I comment on the implications of each view, including important ramifications for open source licenses. Finally, I discuss whether the boundaries inherent in licensing law might better address concerns related to the manipulation of the covenant/condition distinction than relying on the application of an analytical distinction between the two.

1. The Distinction Between Pure Covenants and License Conditions: Two Views

There are two ways to look at the distinction between a pure covenant and a license condition.

a) One View: Conditions Must Touch on Copyrights

In one view, only a condition touching on the exclusive rights135 under copyright qualifies as a license condition.136 To qualify as a condition on the right to copy, for instance, the condition should relate to issues such as: Copying onto what? Using what
to make copies? How many copies? What type of copies? Who can make copies? For a condition on the right to distribute, the condition should relate to issues such as: Where (and where not)? When? To whom? By whom? For how long? For a condition on the right to make derivative works, the condition should relate to: What type of works? Who can make derivatives? Analytically, this approach seems to make sense--copyright violations triggered by breach of a license condition should actually invoke copyrights. The farther a purported condition strays from touching on an exclusive copyright, the less compelling the case that a licensee infringed a copyright by failing to abide by the condition.137

*355 (i) Comments on this View

The primary advantage of this view is that it checks the power of copyright licensors. Restraining the proliferation of license conditions ameliorates concerns that copyright holders might use license contracts to tip the balance of copyright in favor of copyright holders. A rein on copyright holders may be especially important now that copyright protection has reached new (and some would say unhealthy) heights.138

However, one ramification of this view is that many purported license conditions in open source licenses would not be classified as such, even though the license drafter clearly intended to treat them as license conditions and they are fundamental to open source licensing. For example, the ALv1’s attribution conditions arguably fall into a gray area because they relate to moral rights139 but not directly to copying, distribution, or derivative works. In the GPL, many of the “share alike” provisions of the GPL might not qualify--they do not invoke copyrights, they simply require a set of reciprocal promises140 given in exchange for a broad license of all copyrights (the so-called copyleft which reverses all copyrights).141 Finally, the DRM section in GPLv3, even if re-cast as a license condition, surely would not qualify as a license condition under this view.

I am not suggesting that a rule should be crafted one way or the other simply because open source licensing stands to win or lose. In fact, both FOSS and BUS licensors stand to lose control under this view of license conditions142 because licensing law applies in equal measure to both--same legal tools, same legal rules.143 My comments simply illustrate that the approach crimps useful business model innovation characterized by open source licensing,144 the type of innovation *356 that is the hallmark of intellectual property licensing and a major contributor to overall technological innovation and healthy competition in the software industry.145

b) A Second View--Parties Freely Choose the Label

A second view is that a license condition is any condition that the parties place on the license grant.146 In this view, the parties have discretion to pick the label. If the parties say that something is a condition, it is one. This approach is supported by important public policies.

As explained by the court in Jacobsen v. Katzer, the use of license contracts allows copyright holders to control147 what can be done with their works.148 This control is fundamental to holding a copyright.149 Also, as noted above, there is a strong sense in United States contract law that the parties should be able to structure their contractual arrangements as they see fit.150 The parties, better than the courts, know how to allocate the benefits and burdens of their bargain. This holds especially true for the allocation of risk. The issue of characterizing a provision as a pure covenant or a license condition fundamentally comes down to risk allocation--if the parties call a provision a license condition, then the risk to the licensee is greater because the licensor can obtain copyright remedies as well as contractual ones.

(i) Comments on this View

One might object that this view gives too much power to copyright licensors. Powerful or clever licensors, arguably, could characterize every conceivable provision as a license condition in order to enhance their opportunity for copyright remedies. Similar concerns have been raised in the past by commentators about licenses in general and mass market licenses in particular.151 For them, the *357 “control” described by the court in Jacobsen v. Katzer has a negative connotation.152

Unfortunately, this negative connotation distracts from seeing the ways in which licensing contributes in a positive way to innovation and creativity, both in the ways in which things are produced and the ways in which they are brought to market. As open source licensing so nicely illustrates, licensing fosters flexibility and choice in both the creation and distribution of works.153 If someone can right-size a license, then that person is more likely to grant permission than to hold it back.154
Moreover, we distort our thinking when we look at everything through the lens of powerful-BUS-licensor versus weak-consumer-licensee. Licensor come in all shapes and sizes: Adobe, MySQL, Massachusetts Institute of Technology, the Free Software and Linux Foundations, Richard Stallman, Eric Raymond (a founder of the Open Source Initiative), and, of course, Professor Robert Jacobsen. So do licensees: the United States government; IBM; Amazon.com; UPS; Wal-Mart; Linus Torvalds; President Obama; and, of course, Mr. Matthew Katzer. Legal rules should be created using this lens.

2. Choosing Between the Two Views: Leaning On Licensing Law’s Boundaries

As we can see from the discussion above, both views of proper license conditions have their good and bad sides. The first view respects authorial control and freedom of contract but increases the risk of expanding copyright. The second view keeps licensors in check but impinges on business model innovation. Which approach is best? On balance, allowing the parties to freely choose seems best because it allows innovative licensing models to flourish such as open source licensing.

For example, open source license underlies the development of the Linux kernel. Even though we think of Linus Torvalds as the creator of Linux, the collaboration of hundreds of programmers and, from a legal point of view, hundreds of licensing transactions between Torvalds and those developers, formed Linux. On top of that, licensing allows the Linux kernel to be combined with GNU software from the Free Software Foundation to create a complete operating system which, when distributed by firms such as IBM and Red Hat competes vigorously in the market on quality and price with Microsoft’s Windows operating system and Sun Microsystems’ Solaris software.

This is not simply a matter of picking an approach that benefits FOSS for its own sake. Open source licensing serves the core purposes of copyright: increasing the creation and distribution of works. As articulated by the court in Jacobsen v. Katzer: “Open source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago.”

In addition, relying on an analytical distinction between license conditions and pure covenants may not be the best way to temper potential abuses by licensors. The line is blurry and will be hard to draw. This hurts users of BUS and FOSS by undermining the certainty of contracts.

More importantly, licensing law already curbs the power associated with copyright licensing through an array of boundaries placed around license contracts: cannons of contract construction (construed against the drafter), rules about contract formation, the doctrine of unconscionability, consumer protection law, the fundamental public policy override, federal law preemption, the doctrine of misuse, and antitrust law. Taken together, these work to keep overreaching licensing practices in check. For example, if a license condition seems to overly extend copyrights, then a court can strike it down as a copyright misuse, violation of the Sherman Act, or find that it is preempted by federal law. It may be best to use these boundaries on license contracts, vigilantly enforced by the courts, to police any overextension of copyright power by a licensor’s manipulation of license conditions.

However, in the context of license conditions one other thing will be critical: prudence in granting injunctions for breach of a license condition. Exercising prudence will safeguard against the effects of a licensor’s attempt to improperly expand copyright power via proliferation of license conditions. For example, the farther a license condition strays from touching on an exclusive copyright and the less it contributes positively to the underlying purposes of copyright law, the less compelling the case may be for emergency or affirmative injunctive relief. Moreover, for license conditions that scarcely touch on copyright, the court should not presume irreparable harm. In a sense, prudence of this nature in granting injunctive relief blends the two views of license conditions described in this Section, drawing wisdom from each approach.

VI. Conclusion

The open source community smiled when the Federal Circuit enforced the Artistic License in Jacobsen v. Katzer. The case teaches important lessons about the enforceability of open source license contracts to be sure, but more important are the issues that it raises about pure covenants and license conditions for all licenses. When can we consider a particular provision a license condition, thereby triggering a copyright infringement for breach? Is the label solely in the control of the parties or should some overriding policy in copyright law play a role in the labeling? Although it is tempting to say that only
conditions which touch on exclusive copyrights should qualify as license conditions, such an approach might prevent the enforcement of critical provisions of open source licenses such as the GPL. Instead, the best approach allows the parties to craft license conditions as they see fit but calls on courts to vigorously enforce the boundaries that already hem in license contracts and to exercise prudence in granting injunctions when license conditions scarcely touch on exclusive copyrights or serve the underlying goals of copyright.

Footnotes

a1 Professor of Law and Co-Director, Intellectual Property Law & Policy Graduate Program, University of Washington School of Law. Washington Law Foundation Scholar. I am grateful to David Vaver for inviting me and Justine Pila for hosting me during my visit at Oxford University during the 2008-09 academic year when I wrote this article. Thanks are due to Mike Madison, Heather Meeker, David McGowan, and McCoy Smith for useful comments and discussions. I am especially and deeply indebted to Andrea Lairson for her rigorous editing of my early drafts. Copyright 2008 Robert W. Gomulkiewicz.


3 See The Perl Foundation, The Artistic License Must Be Changed, Sept. 29, 2000, http://dev.perl.org/perl6/rfc/211.html (stating that "legal ambiguities make it impossible to be sure that the Artistic License is unequivocally a free license" and that it "does not appear to legally achieve the goals set forth ....").

4 Jacobsen v. Katzer, 535 F.3d 1373, 1385 (Fed. Cir. 2008) (holding that "the terms of the Artistic License are enforceable copyright conditions").

5 See infra for whether this should have been much in doubt, but the open source community has frequently voiced this concern.


7 Important caveat: many people use the term "open source" in ways that do not comply with or even refer to the OSD. For example, open source may simply refer to a philosophy of open sharing and collaboration. It may also refer to the software development model typical in the open source community in which a programmer creates some software, posts it on the Internet, and a community of developers grows up around the software as they exchange bug fixes and new features.


10 Id.
Free Software Foundation, Free Software and the GNU Operating System, http://www.fsf.org/about/ (last visited Mar. 4, 2009) (noting that FSF is a donor supported charity with a “worldwide mission to promote computer user freedom and to defend the rights of all free software users.”).


Even though “libre” undoubtedly provides greater clarity, so far no one has advocated replacing “free” with “libre” to create the acronym “LOSS,” for obvious reasons.


“Proprietary” is misleading in that open source licensing relies on a proprietary right, namely copyright. See Richard M. Stallman, What is Copyleft?, in Free Software, Free Society: Selected Essays of Richard M. Stallman, supra note 12, at 89, 89 (explaining that proprietary software developers use copyright to take away the users’ freedom but that copyleft uses “copyright to guarantee their freedom”). As open source programmers like to put it, you need a copyright before you can have a copyleft.


Based on my experience, it is evident that computer hardware firms such as IBM, Intel, and Hewlett Packard are willing to give up trade secret protection for their software to the extent doing so drives demand for the hardware or services that they sell. Sun Microsystems’ journey with its Java software shows how a firm can change course as market conditions dictate—after prolonged soul searching, Sun concluded that it made better business sense to license its Java software as open source and to try to make money from computer hardware, services, and complementary software products. See Sun Microsystems, Free and Open Source Java FAQ, http://www.sun.com/software/opensource/java/faq.jsp (last visited Feb. 16, 2009) (explaining why Sun released its Java implementation as open source and how its business model works).


Gomulkiewicz, How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B, supra note 6, at 185-86, 189-94.

There are many similarities in the terms as well, including warranty disclaimers, limitations of liability, and choice of law. Gomulkiewicz, How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B, supra note 6, at 185-93. Indeed, some BUS license contracts also grant rights to source code and allow derivative works. E.g., Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 531-32.


For a discussion of whether this proliferation of licenses represents a positive or negative development, see Robert W. Gomulkiewicz, Open Source License Proliferation, Helpful Diversity or Hopeless Confusion?, 30 Wash. U. J.L. & Pol’y (forthcoming 2009).

Evidence of this can be found by checking license use statistics on popular open source code repositories such as SourceForge, http://sourceforge.net/ (last visited Mar. 9, 2009), and FreshMeat, Statistics and Top 20, http://freshmeat.net/stats (last visited Feb. 16, 2009).


In addition, the Apache Foundation licenses its Apache web server under a permissive license like the BSD License. See Heather J. Meeker, The Open Source Alternative: Understanding Risks and Leveraging Opportunities, at 23 (2008) (describing BSD License and Apache License as “Permissive” licenses).

See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 505-08 (describing how software patents did not emerge until the mid to late 1990s).

Jacobsen, 535 F.3d at 1377.


Id.

Id. at *7.


As discussed infra Part IV, this was the FOSS community’s worst nightmare, and the source of creative legal arguments that open source licenses are not contracts.

Jacobsen, 535 F.3d 1373.


E.g., Bowers v. Baystate Techs., Inc., 320 F.3d 1317 (Fed. Cir. 2003) (ruling on software license, copyright, and patent issues); see also 28 U.S.C. §§1295(a)(1), 1338(a), 2201(a). The non-patent issues are decided according to the law of the circuit in the region where the case originated. Hutchins v. Zoll Med. Corp., 492 F.3d 1377, 1383 (Fed. Cir. 2007).


Jacobsen v. Katzer, 535 F.3d at 1375-76.

Judge Hochberg was joined by Circuit Judge Prost and Chief Circuit Judge Michel. Id. at 1375.
Id. at 1378.

Other telling quotes from the opinion showing the Court’s open source license savvy include: “Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material.” Id. at 1381. “Through this controlled spread of information, the copyright holder gains creative collaborators to the open source project; by requiring that changes made by downstream users be visible to the copyright holder and others, the copyright holder learns about the uses for his software and gains others’ knowledge that can be used to advance future software releases.” Id. at 1382. “The clear language of the Artistic License creates conditions to protect the economic rights at issue in the granting of a public license.”

Id. at 1380.

Id.


Id.

Id.

Id.

Id.

Id. at 1382.

Jacobsen v. Katzer, 535 F.3d 1373, 1382 (Fed. Cir. 2008) (“Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might well be rendered meaningless absent the ability to enforce through injunctive relief.”).

Id.

See, e.g., Apple Computer, Inc. v. Microsoft Corp., 35 F.3d 1435, 1441 (9th Cir. 1994) (holding that a use may be copyright infringement if the use of licensed materials exceeds the scope of the license); S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1089 (9th Cir. 1989) (stating that activities that exceed scope of a license may constitute copyright infringement).


Id. at 1382.

Id.

Id.

See, e.g., Apple Computer, Inc. v. Microsoft Corp., 35 F.3d 1435, 1441; S.O.S., 886 F.2d 1081, 1089; Fantastic Fakes, Inc. v. Pickwick Int’l, Inc., 661 F.2d
The licensor might seek other copyright remedies as well, such as impoundment or destruction of infringing software, statutory damages, enhanced damages for willful infringement, and attorneys’ fees. See 17 U.S.C. §§502-05 (describing remedies for copyright infringement); see also Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 479-83 (describing remedies for breach of copyright in context of copyright licenses); Fogerty v. Fantasy, Inc., 510 U.S. 517, 533 (1994) (stating that attorneys’ fees may be awarded at the court’s discretion).

Which isn’t to say that making money is beside the point. See Richard M. Stallman, Selling Free Software, in Free Software, Free Society: Selected Essays of Richard M. Stallman, supra note 12, at 61, 61 (“Many people believe that the spirit of the GNU project is that you should not charge money for distributing copies of software, or that you should charge as little as possible—just enough to cover the cost. Actually, we encourage people who redistribute free software to charge as much as they wish or can.... Distributing free software is an opportunity to raise funds for development. Don’t waste it!”). Companies such as IBM, HP, RedHat, and others have done very well selling services, computer hardware, and BUS licenses that add functionality to open source software.

E.g., the GPL requires licensees to publicly release the source code of any work based on the licensor’s work, which the licensee distributes. See Free Software Foundation, GNU General Public License v2.0, §§2, 3, June 1991, http://www.gnu.org/licenses/gpl-2.0.html.

See cases cited supra note 67.

See LGS Architects, Inc. v. Concordia Homes of Nev., 434 F.3d 1150, 1155-56 (9th Cir. 2006).


Graham v. James, 144 F.3d, 229, 236-37 (2d Cir. 1998).

The most accurate description might be “license condition covenant” or “pure contractual covenant.”

Jacobsen, 535 F.3d at 1380.
See Gomulkiewicz, De-bugging Open Source Software Licensing, supra note 85, at 87-88 (raising the issue and its application in the context of a provision of GPL 2.0).

See discussion infra Part V.


As Lawrence Rosen has put it: “The bottom line for us is that copyright law provides the remedies but contract law provides the analytical tools.” Rosen, Bad Facts Make Good Law, supra note 85, at 1. Rosen has drafted several open source licenses and served as general counsel for the Open Source Initiative. Rosenlaw & Einschlag Technology Law Offices, Lawrence Rosen, http://www.rosenlaw.com/rosen.htm (last visited Mar. 5, 2009).


There also seems to be a desire to assert the moral superiority of open source licenses over EULAs used to license BUS. See Free Software Foundation, GNU Public License, http://www.gnu.org/licenses/gpl.html (last visited Feb. 16, 2009) (“The licenses for most software and other practical works are designed to take away your freedom to share and change works. By contrast, the GNU General Public License is intended to guarantee your freedom to share and change all versions of a program—to make sure it remains free software for all users.”).

Perhaps there is some scenario in which a copyright holder is only providing a unilateral license that acts more like a waiver than a contract, but that is the exception rather than the rule. In particular, the GPL does not seem to fit into the “waiver” box with its many reciprocal promises flowing back and forth (e.g., in GPL 3.0, you get the right to make unlimited copies but you also promise to waive certain rights under the Digital Millennium Copyright Act). The BSD License seems to come closer to Moglen’s conception of a pure license than the GPL.

This is why I used the term “license contract” in the title of this article.

To be even more precise, the “license” consists of the license grant and any license conditions.


It is interesting to note that during the drafting of GPL 3.0 a statement asserting that the GPL is not a contract was removed during the latter stages of the drafting process. See Free Software Foundation, GPLv3 1st Discussion Draft, http://gplv3.fsf.org/gpl-draft-2006-01-16.html (last visited Jan. 31, 2009).

See id. at 1382 (“The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition.”).


The Simple Public License 2.0 (SimPL) is a plain language rendering of GPL 2.0--same intent, easier to understand. See Gomulkiewicz, General Public License 3.0: Hacking the Free Software Movement’s Constitution, supra note 16, at 1035-40 (introducing the rationale for the SimPL and presenting version 1.0 of the license). The Open Source Initiative has approved the SimPL as an open source license. See Open Source Initiative, Open Source Licenses, http://www.opensource.org/licenses/alphabetical (last visited Jan. 22, 2009). For an account of the SimPL’s journey through the approval process, see Gomulkiewicz, Open Source License Proliferation, Helpful Diversity or Hopeless Confusion?, supra note 27.


Note that the SimPL’s license conditions contain an important nuance: they do not apply if the licensee simply uses the software, copies it, or creates derivative works that are never distributed.

The SimPL’s preamble states: “This Simple Public License ... is a plain language implementation of GPL 2.0. The words are different, but the goal is the same—to guarantee for all users the freedom to share and change software. If anyone wonders about the meaning of the SimPL, they should interpret it as consistent with GPL 2.0.” Open Source Initiative, Simple Public License, supra note 103.

See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 109-11.

E.g., Henning v. Mainstreet Bank, 538 F.3d 975, 978 (8th Cir. 2008); see RLI Ins. Co. v. Conseco, Inc., 543 F.3d 384, 391(7th Cir. 2008) (determining the intent of the parties).

See Apple v. Microsoft, 35 F.3d 1435, 1440 (9th Cir. 1994) (“The plain language of the [contract] disposes of Apple’s” interpretation.).


See 2 E. Allan Farnsworth, Farnsworth on Contracts §7.10 (1990) (discussing the fundamental principles of contract interpretation).

See Grand Union Co. v. Cord Meyer Dev. Co., 761 F.2d 141, 147 (2d Cir. 1985) (applying New York contract law in concluding that a provision in the contract must be construed as a covenant in the absence of more compelling evidence of the parties’ intent to create a condition).

Admittedly, in BUS licensing the thought process often may not be any more rigorous. See Gomulkiewicz, Getting Serious About User-Friendly Mass Market Licensing for Software, supra note 25, at 692-94 (2004) (describing real world EULA creation process). In addition, some question the notion of “intent of the parties” when “take it or leave it” standard forms are involved that often go unread. See Geraint Howells & Stephen Weatherill, Consumer Protection Law 19 (2d ed. 2005) (“[T]he notion that free will, a bargain and an agreement lie at the heart of a consumer contract is rather distorted by the prevalence of standard-form contracts which often go largely unread.”).


Vetter, supra note 112, at 183, 194 (analyzing the causal aspects of licensing and user adoption of Free and Open Source Software (FOSS) and noting that using FOSS can create an indirect voice even for users who do not read licenses).


See Dun & Bradstreet Software Servs., Inc. v. Grace Consulting, Inc., 307 F.3d 197, 211-12 (3d Cir. 2002) (“Custom and practice in the computer industry, and the evidence of it in this record is vague and conclusory, is no authority to disregard or trump the specific terms of a valid license agreement or the provisions of the Copyright Act.”); Honeywell Inc. v. Victor Co. of Japan, 298 F.3d 1317, 1329 (Fed. Cir. 2002) (holding plain meaning of contract definition prevails over trade usage).

“NOTE! This copyright does *not* cover user programs that use kernel services by normal system calls--this is merely considered normal use of the kernel and does *not* fall under the heading of ‘derived work’. Also note that the GPL below is copyrighted by the Free Software Foundation, but the instance of code that it refers to (the [L]inux kernel) is copyrighted by me and others who actually wrote it.” Linus Torvalds, Explanatory Note to GNU General Public License, http://www.kernel.org/pub/linux/kernel/COPYING (last visited Jan. 28, 2009).

See id.

See Jacobsen v. Katzer, 535 F.3d 1373, 1382 n.5 (Fed. Cir. 2008) (citing the example of author attribution, noting that the failure to provide attribution only triggers copyright infringement if so provided in the license).


FSF, GPLv3, supra note 124, §§2, 4-6.

One possibility is that §8, “Termination,” ties the DRM Clause to the license grants. It provides: “You may not propagate or modify a covered work except as expressly provided under this License. Any attempt otherwise to propagate or modify it is void, and will automatically terminate your rights under this License (including any patent licenses granted under the third paragraph of section 11).” FSF, GPLv3, supra note 124, §8. However, the best reading of this provision is that it is simply a garden variety termination provision, providing that in the event the licensee breaches the license contract, the licensee has no further rights to exercise the rights granted in the license grant provisions. Another possibility is §9, “Acceptance Not Required for Having Copies.” Midway through §9 it says: “However, nothing other than this License grants you permission to propagate or modify any covered work. These actions infringe copyright if you do not accept this License. Therefore, by modifying or propagating a covered work, you indicate your acceptance of this License to do so.” Id. §9. In context, the best reading of this provision is that it serves three purposes: first, it explains what actions signify manifestation of assent to the license contract; second, it explains the consequences if you do not manifest assent; and third, it serves as friendly advice that no license is needed to simply receive or run the software.

Although certainly not direct evidence, of course, the recent candid comments from Lawrence Rosen are intriguing nonetheless. See Rosen, Bad Facts Make Good Law, supra note 85, at 5 (“I know the people who wrote the Artistic License, and those who wrote the GPL, and those who wrote many other open source licenses. For most of us, we lucked out on the Jacobsen case. Many of us license authors didn’t know the legal difference between a ‘covenant’ and a ‘condition’ when our licenses were written (and many attorneys still don’t.”).

Ironically, if GPLv3 is not a contract as contended by Eben Moglen, former General Counsel for the Free Software Foundation, and others, then the licensor is left with no remedy for a violation because no copyright has been infringed. See Eben Moglen, Free Software Matters: Enforcing the GPL, I, Free Software Found., Aug. 12, 2001, http://moglen.law.columbia.edu/publications/lu-12.html (“Licenses are not contract.”); Free Software Found., The GPL Tested in US Courts--Wallace vs FSF, http://www.fsf.org/news/wallace-vs-fsf (last visited Jan. 31, 2009) (“The GPL is a software license, it is not a contract.”) (quoting Peter Brown, FSF Executive Director)). A further irony: Breach of the DRM section might actually lead to monetary damages, so that in this instance, contract remedies would come into play in a meaningful way.


See McRoberts Software, Inc. v. Media 100, Inc., 329 F.3d 557, 562 (7th Cir. 2003) (having a license that grant provided: “... subject to [Media 100] timely paying all amounts owing hereunder, upon payment of the $75,000 license fee ...”).

See MDY Indus., LLC v. Blizzard Entm’t, Inc., No. CV-06-2555, 2008 WL 2757357, at *6-*7 (D. Ariz. July 14, 2008) (“If A grants a software license to B on the express condition that the license will remain in effect only so long as B makes monthly payments to A, and B then stops making payments to A, any subsequent copying of the software to RAM by B would constitute copyright infringement--a conclusion with which MDY’s counsel agreed during oral argument.”).

Such an approach is hardly fictional--I once received a draft license contract that nearly resembled this (as I recall, the choice of law section and perhaps only one or two other provisions had been eliminated from the list of purported license conditions).
This expansion of injunctive relief was an important issue in Quanta Computer, Inc. v. LG Electronics, 128 S. Ct. 2109 (2008).

A copyright gives its holder the exclusive right to copy, distribute, create derivative works, and publically perform or display the work. 17 U.S.C. §106 (2006).

Software is protectable by copyright. See Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1249 (3d Cir. 1983) (source and object code); Apple Computer v. Microsoft, 35 F.3d 1435 (9th Cir. 1994) (visual displays).

Needless to say, the source of the licensor’s complaint about exceeding the scope of a license must be grounded in a right protected by the Copyright Act. See Storage Tech. Corp. v. Custom Hardware Eng’g & Consulting, 421 F.3d 1307, 1316 (Fed. Cir. 2005); see also SOS, Inc. v. Payday, Inc., 886 F.2d 1081, 1087 (9th Cir. 1989) (involving a copying and modifying of software, which exceeded the scope of the license involved). Otherwise, use of software “may violate the license agreement, but it is not forbidden by copyright law and cannot give rise to an action for copyright infringement.” Storage Tech. Corp., 421 F.3d at 1316.


Protection of moral rights under copyright law is relatively weak in the United States, relating primarily to the visual arts. See 3 Melville B. Nimmer & David Nimmer, Nimmer on Copyright §8D.02[D][2] (2005); see also Irini A. Stamatoudi, Copyright and Multimedia Products: A Comparative Analysis 160-64 (2002) (discussing varied treatment of moral rights as they relate to software).

For example, in exchange for the license grant, the license agrees to release source code and relicense royalty free on the same terms as the GPL. While these conditions do have something to do with copyright, they do not place direct conditions on copying, distribution, or the creation of derivative works.

Though not clearly articulated, perhaps this was what concerned the District Court in Jacobsen.


See Gomulkiewicz, How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B, supra note 6, at 189-94 (1999) (stating that licensing law needs to be a good fit for all types of licensing).

See Jacobsen v. Katzer, 535 F.3d 1373, 1378-79 (Fed. Cir. 2008); Wallace v. IBM Corp., 467 F.3d 1104 (7th Cir. 2006).


Of course, the source of the licensor’s complaint about exceeding the scope of license must be grounded in a right protected by the Copyright Act. Storage Tech. Corp. v. Custom Hardware Eng’g & Consulting, Inc., 421 F.3d 1307, 1316 (Fed. Cir. 2005).

The Federal Circuit used the word “control” on numerous occasions in its Jacobsen opinion. See 535 F.3d at 1375, 1378, 1381.

Jacobsen, 535 F.3d at 1378.
Id. at 1382 (describing control exercised by copyright holders).

See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 21-22.

For a taste of the debate swirling around mass market licenses, see generally Robert W. Gomulkiewicz, The License Is the Product: Comments on the Promise of Article 2B for Software and Information Licensing, 13 Berkeley Tech. L.J. 891 (1998); Mark A. Lemley, Beyond Preemption: The Law and Policy of Intellectual Property Licensing, 87 Cal. L. Rev. 113 (1999); Robert P. Merges, Intellectual Property and the Costs of Commercial Exchange: A Review Essay, 93 Mich. L. Rev. 1570 (1995); Raymond T. Nimmer, Breaking Barriers: The Relation Between Contract and Intellectual Property Law, 13 Berkeley Tech. L.J. 827 (1998); see also Gomulkiewicz, Getting Serious About User-Friendly Mass Market Licensing for Software, supra note 25, at 688 ("Despite all the scholarly debate, one important reality remains: EULAs are here to stay for the foreseeable future. Courts, by and large, have enforced EULAs, provided the software publisher gives the user a reasonable opportunity to review and the user makes a meaningful manifestation of assent."); Mark A. Lemley, Terms of Use, 91 Minn. L. Rev. 459, 459-60 (2006) ("Every court to consider the issue has found ‘clickwrap’ licenses... enforceable.” “A majority of courts in the past ten years have enforced shrinkwrap licenses.” “Finally, and more recently, an increasing number of courts have enforced ‘browsewrap’ licenses....").

See, e.g., Mark A. Lemley et al., Software and Internet Law 300 (2d ed. 2003) (describing licensing as “controversial”).

See Gomulkiewicz, How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B, supra note 6, at 186.

See Jacobsen v. Katzer, 535 F.3d at 1382 (“Through this controlled spread of information, the copyright holder gains creative collaborators to the open source project; by requiring that changes made by downstream users be visible to the copyright holder and others, the copyright holder learns about the uses of his software and gains others’ knowledge that can be used to advance future software releases.”).


See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 757.


Given that the third party contributions to Linux have by now far outstripped Torvalds’ work, Torvalds may be one of the biggest licensees in the world. Renai LeMay, Torvalds in Renewed Aust Linux Trademark Push, ZDNet Australia, Aug. 2, 2005, http://m.zdnet.com.au/139205211.htm.

Note, however, that the U.S. Supreme Court has now clarified that an intellectual property right does not necessarily give the rights holder market power. See eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 392 (2006) (holding that the “creation of a right is distinct from the provision of remedies for violations of that right”).


See Weber, supra note 160, at 65-72 (discussing the number of Linux collaborators).


Jacobsen v. Katzer, 535 F.3d 1373, 1378 (Fed. Cir. 2008). “Through this controlled spread of information, the copyright holder gains creative collaborators to the open source project; by requiring that changes made by downstream users be visible to the copyright holder and others, the copyright holder learns about the uses for his software and gains others’ knowledge that can be used to advance future software releases.” Id. at 1382.

See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 31-39 (describing the boundaries).

See, e.g., Acatel USA v. DGI Techs., Inc., 166 F.3d 772, 792-93 (5th Cir. 1999) (recognizing copyright misuse as a defense to infringement); DSC Commc’n Corp. v. DGI Techs., Inc., 81 F.3d 597, 601 (5th Cir. 1996) (recognizing copyright misuse as a defense to infringement); Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 978-79 (4th Cir. 1990) (finding a software licensor with a standard license agreement forbidding a license from developing a competing product for ninety-nine years to be barred from collecting damages for copyright infringement by a copyright misuse defense); see also Assessment Tech. v. Wiredata, Inc., 350 F.3d 640, 641-47 (7th Cir. 2003) (discussing copyright misuse in relation to database software).

See, e.g., United States v. Microsoft Corp., 253 F.3d 34 (D.C. Cir. 2001) (stating that the argument that a copyright holder has an unfettered right to design license agreements is “borderline frivolous”).

The same reasoning would apply to the award of attorneys’ fees and damages for infringement, including statutory damages.

One can find an analogy here to license contracts in which the licensee gives up fair use rights, such as the right to reverse engineer software. See Davidson & Assocs. v. Jung, 422 F.3d 630 (8th Cir. 2006). Courts typically do and should respect this contractual choice but they need not in every case because, ultimately, the court gets to decide which defenses are asserted and which are not. See Nguyen, Gomulkiewicz & Conway-Jones, supra note 21, at 38-39.

E.g., temporary restraining orders.

This approach would justify enforcement of the attribution requirements in ALV1, as well articulated by the court in Jacobsen v. Katzer, and likely the “share alike” license conditions in the GPL, but would not aid in the enforcement of the DRM section if it were turned into a license condition. For BUS EULAs, granting injunctive relief for royalty provisions cast as license conditions might not be enforced with injunctive relief.

See eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 392-93 (2006) (“[T]his Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.”).