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Conditions and Covenants in License Contracts: Tales from a Test of the Artistic License

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Conditions and Covenants in License Contracts: Tales From a Test of the Artistic License

Robert W. Gomulkiewicz *

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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.”¹ The Open Source Initiative suggests that it has been

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¹ See Free Software Foundation, Various Licenses and Comments About Them, <http://www.gnu.org/philosophy/license-list.html#ArtisticLicense> (last visited Mar. 4, 2009).

“superseded.”² ALv1’s authors at the Perl Foundation even acknowledge its flaws.³ Yet it is the ALv1, not the venerable GNU General Public License (GPL), which the Federal Circuit upheld in *Jacobsen v. Katzer*,⁴ establishing at long last that open source licenses are enforceable.⁵

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.

² Open Source Initiative, *The Artistic License: Licensing*, <http://www.opensource.org/licenses/artistic-license-1.0.php> (last visited Nov. 12, 2008).

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.

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” generally⁷ refers to the Open Source Definition (OSD).⁸ An organization called the Open Source Initiative⁹ 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.¹⁰ The Free Software Foundation (FSF)¹¹ prefers the term “free” rather than “open” because it emphasizes that the goal is to keep the software “free as in freedom.”¹² As the debate continues about which term is more apt,¹³ many

⁶ See generally, HEATHER J. MEEKER, *THE OPEN SOURCE ALTERNATIVE: UNDERSTANDING RISKS AND LEVERAGING OPPORTUNITIES* (2008); LAWRENCE ROSEN, *OPEN SOURCE LICENSING: SOFTWARE FREEDOM AND INTELLECTUAL PROPERTY LAW* (2005); Robert W. Gomulkiewicz, *How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B*, 36 HOUS. L. REV. 179 (1999); Christian H. Nandan, *Open Source Licensing: Virus or Virtue?*, 10 TEX. INTELL. PROP. L.J. 349 (2002); Daniel B. Ravicher, *Facilitating Collaborative Software Development: The Enforceability of Mass-Market Public Software Licenses*, 5 VA. J.L. & TECH. 11 (2000).

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.

⁸ See Ken Coar, Open Source Initiative, The Open Source Definition, <http://www.opensource.org/docs/osd> (last visited Mar. 4, 2009) (describing criteria software distribution terms must comply with to be open source).

⁹ Michael Tiemann, Open Source Initiative, About The Open Source Initiative, <http://www.opensource.org/about> (last visited Mar. 4, 2009).

¹⁰ *Id.*

¹¹ 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.”).

¹² See RICHARD M. STALLMAN, *Why “Free Software” is Better than “Open Source,”* in FREE SOFTWARE, FREE SOCIETY: SELECTED ESSAYS OF RICHARD M. STALLMAN 55, 56–58 (Joshua Gay ed., 2002) (describing how there is “no succinct way to explain the proper meaning of ‘open source’”).

¹³ Other names for open source licenses include “public,” “community,” “copyleft,” and “share and share alike.” See Robert W. Gomulkiewicz, *De-Bugging Open Source Software Licensing*, 64 U. PITT. L. REV. 75, 76 n.8 (2002); see also *Jacobsen v. Katzer*, 535 F.3d 1373, 1378 (“Public licenses, often referred to as ‘open source’ licenses”); Richard M. Stallman, *What is Copyleft?*, in

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”¹⁴), some use “FLOSS.”¹⁵

Open source software stands in contrast to binary use software¹⁶ (BUS), typically called proprietary¹⁷ or commercial¹⁸ software, which is software licensed in object code form primarily for end use only.¹⁹ 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,²⁰ view these inner workings as a valuable trade secret.²¹ Beyond

FREE SOFTWARE, FREE SOCIETY: SELECTED ESSAYS OF RICHARD M. STALLMAN, *supra* note 12, at 89, 89–90 (describing “copyleft” licenses).

¹⁴ See RICHARD M. STALLMAN, *Why “Free Software” is Better than “Open Source,”* in FREE SOFTWARE, FREE SOCIETY: SELECTED ESSAYS OF RICHARD M. STALLMAN, *supra* note 12, at 55, 57 (stating that the explanation of “free software” is simple and easy to grasp).

¹⁵ 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.

¹⁶ Robert W. Gomulkiewicz, *General Public License 3.0: Hacking the Free Software Movement's Constitution*, 42 HOUS. L. REV. 1015, 1021 (2005).

¹⁷ “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.

¹⁸ “Commercial” is misleading because many open source programmers make a business of it. See Robert W. Gomulkiewicz, *Entrepreneurial Open Source Software Hackers: MySQL and Its Dual Licensing*, 9 COMP. L. REV. & TECH. J. 203, 205–07 (2004) (outlining various open source business models); Free Software Foundation, *Categories of Free and Non-Free Software*, <http://www.gnu.org/philosophy/categories.html> (last visited Mar. 4, 2009) (“[T]here is commercial free software, and there is non-commercial non-free software.”). Richard Stallman advocates against use of the “commercial” terminology as well. RICHARD M. STALLMAN, *Words to Avoid*, in FREE SOFTWARE, FREE SOCIETY, SELECTED ESSAYS OF RICHARD M. STALLMAN, *supra* note 12, at 187, 187.

¹⁹ Not surprisingly, the FOSS community refers to BUS code as “non-free” or “closed source.” For commentary on the importance of the war of words between FOSS and BUS licensors, see generally David McGowan, *SCO What? Rhetoric, Law and the Future of F/OSS Production*, Univ. of Minn. Law Sch. Research Paper No. 04-9, v.1.3 (2004), available at <http://ssrn.com/abstract=555851>.

²⁰ 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).

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.²² As one prominent open source group says: “To stay free, software must be copyrighted and licensed.”²³ FOSS relies on license contracts and so does BUS; they only differ in the particular contract terms used.²⁴

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.”²⁵ When it comes to open source license contracts, the Open Source Initiative has approved over 60 licenses as complying with the OSD.²⁶ Despite this diversity,²⁷ most open source programmers use²⁸ either GPL 2.0²⁹ or some variation of the BSD License.³⁰

²¹ See XUAN-THAO NGUYEN, ROBERT W. GOMULKIEWICZ & DANIELLE CONWAY-JONES, *INTELLECTUAL PROPERTY, SOFTWARE, AND INFORMATION LICENSING: LAW AND PRACTICE* 522 (2006).

²² 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.

²³ Debian Group, *What Does Free Mean? Or What Do You Mean by Free Software?*, <http://www.debian.org/intro/free> (last visited Feb. 16, 2009).

²⁴ 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.

²⁵ See, *e.g.*, *Specht v. Netscape Commc'ns Corp.*, 306 F.3d 17 (2d Cir. 2002); *Bowers v. Baystate Techs., Inc.*, 302 F.3d 1334 (Fed. Cir. 2002); *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996). See generally Robert W. Gomulkiewicz, *Getting Serious About User-Friendly Mass Market Licensing For Software*, 12 GEO. MASON L. REV. 687 (2004); Robert W. Gomulkiewicz & Mary L. Williamson, *A Brief Defense of Mass Market Software License Agreements*, 22 RUTGERS COMPUTER & TECH. L.J. 335 (1996).

²⁶ Open Source Initiative, *Open Source Licenses*, <http://www.opensource.org/licenses> (last visited Mar. 4, 2009).

²⁷ 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).

²⁸ 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).

²⁹ For instance, Linus Torvalds licenses the Linux kernel under GPL 2.0. Linux Online, *GNU General Public License*, <http://www.linux.org/info/gnu.html> (last visited Feb. 16, 2009).

³⁰ 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*

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.³¹ In this case, Jacobsen and a community of contributing developers created a software program called DecoderPro to control model trains.³² The legal vehicle used to share DecoderPro was ALv1.³³ 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.³⁴ At some point, someone at Katzer used portions of DecoderPro in Decoder Commander.³⁵ In doing so, Katzer did not provide the forms of attribution called for in ALv1.³⁶

Jacobsen objected to Katzer’s failure to provide proper attribution.³⁷ In the course of discussions between the parties, Katzer accused Jacobsen of patent infringement³⁸—a common twist in contemporary³⁹ software disputes. This led Jacobsen to sue Katzer, seeking a declaratory judgment that he had not infringed Katzer’s patent.⁴⁰ As one would expect, the parties added copyright, trademark, tort, and other causes of action to the litigation.⁴¹ Eventually, Jacobsen sought a preliminary injunction, arguing that Katzer’s violation of the terms of ALv1 constituted copyright infringement.⁴²

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

RISKS AND LEVERAGING OPPORTUNITIES, at 23 (2008) (describing BSD License and Apache License as “Permissive” licenses).

³¹ *Jacobsen v. Katzer*, 535 F.3d 1373, 1376 (Fed. Cir. 2008).

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Jacobsen v. Katzer*, 535 F.3d 1373, 1377 (Fed. Cir. 2008).

³⁸ *Id.*

³⁹ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 505–08 (describing how software patents did not emerge until the mid to late 1990s).

⁴⁰ *Jacobsen*, 535 F.3d at 1377.

⁴¹ *Jacobsen v. Katzer*, No. 06-CV-01905, 2007 WL 2358628, at *1 (N.D. Cal. Aug. 17, 2007), *vacated in part*, 535 F.3d 1373 (Fed. Cir. 2008).

⁴² *Id.*

copyright infringement where it would not otherwise exist.”⁴³ In other words, Katzer’s failure to provide attribution might breach the parties’ contract but it did not infringe Jacobsen’s copyright.⁴⁴ 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.⁴⁵

Jacobsen appealed this ruling to the Court of Appeals for the Federal Circuit.⁴⁶ Although the U.S. Congress established the Federal Circuit to decide patent law appeals,⁴⁷ other intellectual property-related disputes may come before the court⁴⁸ because, if a case “arises under” patent law, the Federal Circuit decides all issues.⁴⁹ Because Katzer claimed patent infringement and Jacobsen challenged that via an action for declaratory judgment, the Federal Circuit had jurisdiction over the entire case.⁵⁰ Several open source-related organizations,⁵¹ 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.⁵²

The Federal Circuit vacated and remanded the District Court’s judgment in a unanimous opinion written by Judge Hochberg,⁵³ a District Court judge from New

⁴³ *Id.* at *7.

⁴⁴ For a discussion of the District Court opinion, see Erich M. Fabricius, Note, *Jacobsen v. Katzer: Failure of the Artistic License and Repercussions for Open Source*, 9 N.C. J.L. & TECH. 65 (2008).

⁴⁵ 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.

⁴⁶ *Jacobsen*, 535 F.3d 1373.

⁴⁷ See generally Pauline Newman, *The Federal Circuit in Perspective*, 54 AM. U. L. REV. 821 (2005); Rochelle C. Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1 (1989); Rochelle C. Dreyfuss, *The Federal Circuit: A Continuing Experiment in Specialization*, 54 CASE W. RES. L. REV. 769 (2004).

⁴⁸ For example, the Federal Circuit has also become very influential in intellectual property licensing law across all types of intellectual property. See Robert W. Gomulkiewicz, *The Federal Circuit’s Licensing Law Jurisprudence: Its Nature and Influence*, 84 WASH. L. REV. (forthcoming 2009).

⁴⁹ 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).

⁵⁰ For a general discussion of the Federal Circuit’s jurisdiction, see, for example, Paul M. Janicke, *Two Unsettled Aspects of the Federal Circuit’s Patent Jurisdiction*, 11 VA. J.L. & TECH. 3 (2006); *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002).

⁵¹ Other amici were Creative Commons, Linux Foundation, Software Freedom Law Center, Perl Foundation, and Wikimedia Foundation. Brief for Creative Commons Corp., Linux Found., & Open Source Initiative as Amici Curiae Supporting Plaintiff-Appellant, *Jacobsen v. Katzer*, 535 F.3d 1373 (Fed. Cir. 2008) (No. 2008-1001), 2007 WL 4968765.

⁵² Brief of Amici Curiae Creative Commons Corp. et al. in Support of Plaintiff-Appellant and Urging Reversal, *Jacobsen v. Katzer* 535 F.3d 1373 (Fed. Cir. 2008) (No. 2008-1001).

⁵³ *Jacobsen v. Katzer*, 535 F.3d at 1375–76.

Jersey joining the Federal Circuit panel by designation.⁵⁴ 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.”⁵⁵ “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.”⁵⁶

The Federal Circuit focused on the District Court’s decision that the attribution requirements in ALv1 sounded in contract rather 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.”⁵⁷ “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.”⁵⁸

In contrast to the District Court, the Federal Circuit concluded that ALv1 contained conditions on the license grant.⁵⁹ 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.”⁶⁰ It then turned to ALv1’s license grant provision, which granted a license “provided that” certain obligations were met.⁶¹ Looking to basic contract case law, the Federal Circuit ruled that the wording “provided that” normally denotes a condition.⁶² According to the Federal Circuit: “The copyright holder here expressly stated the terms upon which the right to modify and distribute the material depended . . .”⁶³ “A copyright holder can grant the right to make certain modifications, yet retain his right to prevent other

⁵⁴ Judge Hochberg was joined by Circuit Judge Prost and Chief Circuit Judge Michel. *Id.* at 1375.

⁵⁵ *Id.* at 1378.

⁵⁶ *Id.* at 1379. 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.*

⁵⁷ *Id.* at 1380.

⁵⁸ *Id.*

⁵⁹ *Jacobsen v. Katzer*, 535 F.3d 1373, 1381 (Fed. Cir. 2008).

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

modifications. Indeed, such a goal is exactly the purpose of adding conditions to a license grant.”⁶⁴

The balance of the Federal Circuit’s opinion addressed whether injunctive relief was appropriate in cases where conditions on copyright licenses were ignored.⁶⁵ The answer: “yes,”⁶⁶ as established many years ago in the U.S. federal courts.⁶⁷ “Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right.”⁶⁸ 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.⁶⁹ According to the court: “. . . [T]hese types of license restrictions might be rendered meaningless absent the ability to enforce through injunctive relief.”⁷⁰

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.⁷¹ 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.⁷² 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.⁷³ As the Federal Circuit highlighted in *Jacobsen*, injunctive relief⁷⁴ is particularly critical in open source

⁶⁴ *Id.* at 1382.

⁶⁵ *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.”).

⁶⁶ *Id.*

⁶⁷ 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).

⁶⁸ *Jacobsen v. Katzer*, 535 F.3d 1373, 1381–82 (Fed. Cir. 2008).

⁶⁹ *Id.* at 1382.

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² See, e.g., *Apple Computer*, 35 F.3d 1435, 1441; *S.O.S.*, 886 F.2d 1081, 1089; *Fantastic Fakes, Inc. v. Pickwick Int’l, Inc.*, 661 F.2d 479, 483–84 (5th Cir. 1981).

⁷³ *Jacobsen*, 535 F.3d at 1382.

⁷⁴ 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

licensing because the standard remedy for breach of contract, monetary damages, normally is beside the point.⁷⁵ Instead, FOSS licensors 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 code⁷⁶ 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)).⁷⁸

The third lesson is that license provisions fall into two categories: a pure contractual covenant or a license condition.⁷⁹ I use the word “pure” (some courts use “independent”⁸⁰ or “mere”⁸¹) 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.⁸³ Pure contractual covenants, as previously mentioned, only can trigger breach of contract.⁸⁴ Thus, the distinction is vital because of the teaching of lesson two about the importance of injunctive relief in open source licensing.

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).

⁷⁵ 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.

⁷⁶ 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>.

⁷⁷ See cases cited *supra* note 67.

⁷⁸ See *LGS Architects, Inc. v. Concordia Homes of Nev.*, 434 F.3d 1150, 1155–56 (9th Cir. 2006).

⁷⁹ *Jacobsen v. Katzer*, 535 F.3d 1373, 1380 (Fed. Cir. 2008).

⁸⁰ *Id.*

⁸¹ *Graham v. James*, 144 F.3d, 229, 236–37 (2d Cir. 1998).

⁸² The most accurate description might be “license condition covenant” or “pure contractual covenant.”

⁸³ *Jacobsen*, 535 F.3d at 1380.

⁸⁴ *Id.*

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*.⁸⁸

The final lesson: contract law applies to open source licenses.⁸⁹ This will come as no surprise to most readers—in fact, most would be surprised if it did not.⁹⁰ However, Eben Moglen,⁹¹ 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.⁹² 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.⁹³

⁸⁵ See Robert W. Gomulkiewicz, *De-bugging Open Source Software Licensing*, 64 U. PITT. L. REV. 75, 100–03 (2002) (discussing ways to improve the drafting of open source licenses). But see LAWRENCE ROSEN, BAD FACTS MAKE GOOD LAW: THE *JACOBSEN* CASE AND OPEN SOURCE 5 (2008), <http://www.rosenlaw.com/BadFactsMakeGoodLaw.pdf> [hereinafter ROSEN, BAD FACTS MAKE GOOD LAW] (“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).”).

⁸⁶ *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1122 (9th Cir. 1999).

⁸⁷ 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).

⁸⁸ See discussion *infra* Part V.

⁸⁹ See *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 920 (Fed. Cir. 1995) (“[A] license is a contract ‘governed by ordinary principles of state contract law.’”); *Thoroughbred Software Int’l, Inc. v. Dice Corp.*, 439 F. Supp. 2d 758, 768 (E.D. Mich. 2006) (“A license agreement is a contract.”).

⁹⁰ 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).

⁹¹ Eben Moglen is a professor of legal history at Columbia Law School. Eben Moglen, <http://emoglen.law.columbia.edu/> (last visited Mar. 5, 2009).

⁹² EBEN MOGLEN, FREE SOFTWARE MATTERS: ENFORCING THE GPL, I (2001), <http://emoglen.law.columbia.edu/publications/lu-12.pdf>.

⁹³ 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.”).

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 time⁹⁴ 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”⁹⁵ 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.⁹⁸ 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

⁹⁴ 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.

⁹⁵ This is why I used the term “license contract” in the title of this article.

⁹⁶ To be even more precise, the “license” consists of the license grant and any license conditions.

⁹⁷ See, e.g., RAYMOND T. NIMMER, *THE LAW OF COMPUTER TECHNOLOGY: RIGHTS, LICENSES, LIABILITIES* § 7:39 (3d ed. 1997) (“The core of any software or digital information license remains grounded in a contract, shaped by the agreement of the parties as interpreted and enforced under contract law.”); Jason B. Wacha, *Taking the Case: Is the GPL Enforceable?*, 21 SANTA CLARA COMPUTER & HIGH TECH. L.J. 451, 481–83 (2005) (explaining why the GPL would probably be enforced as a contract); Gomulkiewicz, *General Public License 3.0: Hacking the Free Software Movement’s Constitution*, *supra* note 16, at 1015, 1025 n.56 (2005) (noting the conclusion of distinguished scholar Margaret Jane Radin that open source licenses are contracts (citing Margaret Jane Radin, Address at the Association of American Law Schools (Jan. 6, 2005))).

⁹⁸ 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).

⁹⁹ See *Jacobsen v. Katzer*, 535 F.3d 1373 (Fed. Cir. 2008).

¹⁰⁰ 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.”).

¹⁰¹ See Erich M. Fabricius, Recent Development, *Jacobsen v. Katzer: Failure of the Artistic License and Repercussions for Open Source*, 9 N.C. J.L. & TECH. ONLINE EDITION 65, 72–76 (2008), <http://jolt.unc.edu/sites/default/files/evich-fabricius.pdf> (analyzing the availability of breach of contract to *Jacobsen* plaintiffs); Wacha, *supra* note 97, at 473–75 (explaining how the GPL meets the elements of a contract); Daniel B. Ravicher, *Facilitating Collaborative Software Development*:

V. Distinguishing Between Pure Covenants and License Conditions: Complexities and Open Issues

Sometimes sorting out whether a particular provision should be considered a license condition or a pure covenant will be straight forward. 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)¹⁰² 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.¹⁰³

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.¹⁰⁴ The “must give back” requirements tie directly back to the preceding grant of rights, thus making them license conditions rather than pure covenants.

The Enforceability of Mass-Market Public Software Licenses, 5 VA. J.L. & TECH. 11, paras. 81–82 (2000) (explaining the enforceability of mass-market public software licenses through contract analysis).

¹⁰² 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.

¹⁰³ Open Source Initiative, *Simple Public License*, Nov. 7, 2007, <http://www.opensource.org/licenses/simpl-2.0.html>.

¹⁰⁴ 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.

By design, the SimPL uses informal words¹⁰⁵ 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.”¹⁰⁶

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

¹⁰⁵ 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.

¹⁰⁶ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 109–11.

¹⁰⁷ E.g., *Henning v. Mainstreet Bank*, 538 F.3d 975, 978 (8th Cir. 2008); see *RLI Ins. Co. v. Conesco, Inc.*, 543 F.3d 384, 391 (7th Cir. 2008) (determining the intent of the parties).

¹⁰⁸ See *Apple v. Microsoft*, 35 F.3d 1435, 1440 (9th Cir. 1994) (“The plain language of the [contract] disposes of Apple’s” interpretation.).

other evidence to help interpret ambiguous terms.¹⁰⁹ Courts may apply various canons 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,¹¹¹ particularly in the case of the

¹⁰⁹ See U.C.C. § 2-202 (2004); UNIF. COMPUTER INFO. TRANSACTIONS ACT § 301 (2002).

¹¹⁰ See 2 E. ALLAN FARNSWORTH, FARNSWORTH ON CONTRACTS § 7.10 (1990) (discussing the fundamental principles of contract interpretation).

¹¹¹ 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).

¹¹² See David McGowan, *SCO What? Rhetoric, Law and the Future of F/OSS Production* 2–3, 14–15 (Univ. of Minn. Law Sch. Research Paper No. 04-9, v.1.3, 2004), available at <http://ssrn.com/abstract=555851> (outlining the arguments from both sides of the FOSS debate). See also Greg R. Vetter, *Exit and Voice in Free and Open Source Software Licensing: Moderating the Rein over Software Users*, 85 OR. L. REV. 183, 193 (2006) (noting that GPL acclaims the virtues of free software); Gomulkiewicz, *De-bugging Open Source Software Licensing*, *supra* note 85, at 82–83 & n.57 (2002) (stating that many programmers pick either GPL or BSD without careful analysis and noting that the choice is based on emotional perceptions (citing Nikolai Bezroukov, *Social Aspects of the BSD vs. GPL Debate: The Catalog of Software Licenses*, http://www.softpanorama.org/Copyright/catalog_of_software_licenses.shtml (last visited Dec. 20, 2002))).

¹¹³ 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.").

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

¹¹⁴ See GNU Operating System, Frequently Asked Questions About the GNU Licenses, <http://www.gnu.org/licenses/gpl-faq.html> (last visited Jan. 23, 2009).

¹¹⁵ See BRADLEY M. KUHN ET AL., SOFTWARE FREEDOM LAW CTR., A PRACTICAL GUIDE TO GPL COMPLIANCE (2008), available at <http://www.softwarefreedom.org/resources/2008/compliance-guide.pdf>.

¹¹⁶ 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).

¹¹⁷ See Richard M. Stallman & Eben Moglen, *GPL Version 3: Background to Adoption*, FREE SOFTWARE FOUND., June 9, 2005, <http://www.fsf.org/news/gpl3.html> (stating that GPL serves as the "[c]ode of conduct for free software distributors" and the "[c]onstitution of the free software movement").

¹¹⁸ See U.C.C. § 1-303 (2004); UNIF. COMPUTER INFO. TRANSACTIONS ACT § 102(a)(66) (2002); *Ventura v. Titan Sports, Inc.*, 65 F.3d 725, 731 (8th Cir. 1995) (analyzing industry practice in determining the parties' intent where the contract is ambiguous); *M.A. Mortenson Co. v. Timberline Software Corp.*, 998 P.2d 305, 314 (Wash. 2000) (considering trade usage in analyzing the terms of the contract).

¹¹⁹ 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).

¹²⁰ "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

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.¹²² 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

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).

¹²¹ See *id.*

¹²² 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).

¹²³ See Clark D. Asay, *The General Public License Version 3.0: Making or Breaking the FOSS Movement?*, 14 MICH. TELECOMM. & TECH. L. REV. 265 (2008), available at <http://www.mttlr.org/volfourteen/asay.pdf>; Robert W. Gomulkiewicz, *A First Look at General Public License 3.0*, 24 COMPUTER & INTERNET L. 15 (2007).

¹²⁴ See Free Software Foundation, GNU General Public License Version 3, § 3, June 29, 2007, <http://www.gnu.org/licenses/gpl.txt>. [hereinafter FSF, *GPLv3*].

¹²⁵ See Richard Stallman, *Why Upgrade to GPL Version 3*, FREE SOFTWARE FOUND., <http://www.fsf.org/licensing/licenses/rms-why-gplv3.html> (last visited Jan. 29, 2009) (noting that a reason to migrate to GPLv3 is that "it ensures you are free to remove the handcuffs"). Stallman believes that DRM impinges on a software user's freedom. *Id.* (characterizing DRM as "Digital Restrictions Management—nasty features designed to restrict your use of the data in your computer" (emphasis added)). In contrast, the WIPO Copyright Treaty and the Digital Millennium Copyright Act in the United States support DRM technology by making it illegal to circumvent it. See World Intellectual Property Organization Copyright Treaty art. 11, Dec. 20, 1996, S. Treaty Doc. No. 105-17, 36 I.L.M. 65 (1997), available at http://www.wipo.int/export/sites/www/treaties/en/ip/wct/pdf/trtdocs_wo033.pdf ("Contracting Parties shall provide adequate legal protection and . . . remedies against the circumvention of effective technological measures . . ."); 17 U.S.C.A. § 1201(a)(1)(A) (2006) ("No person shall circumvent a technological measure that effectively controls access to a work protected under this title.").

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].”

¹²⁶ FSF, *GPLv3*, *supra* note 124, §§ 2, 4–6.

¹²⁷ 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.

¹²⁸ 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).”).

¹²⁹ 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.

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

¹³⁰ Normally “permission precedes payment.” *Madison River Mgmt. Co. v. Bus. Mgmt. Software Corp.*, 387 F. Supp. 2d 521, 539 (M.D.N.C. 2005); *see also* *Graham v. James*, 144 F.3d 229, 238 (2d Cir. 1998); *Jacob Maxwell, Inc. v. Veeck*, 110 F.3d 749, 753–54 (11th Cir. 1997).

¹³¹ *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 . . .”).

¹³² *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.”).

¹³³ 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).

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

¹³⁴ This expansion of injunctive relief was an important issue in *Quanta Computer, Inc. v. LG Electronics*, 128 S. Ct. 2109 (2008).

¹³⁵ 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).

¹³⁶ 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).

¹³⁷ 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.

(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

¹³⁸ See, e.g., LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE 122–41 (1999).

¹³⁹ 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).

¹⁴⁰ 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.

¹⁴¹ Though not clearly articulated, perhaps this was what concerned the District Court in *Jacobsen*.

¹⁴² See *MDY Indus., LLC v. Blizzard Entm't, Inc.*, No. CV-06-2555, 2008 WL 2757357 (D. Ariz. July 14, 2008) (example of a BUS licensing arrangement supporting an online gaming environment that might be effected).

¹⁴³ 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).

¹⁴⁴ See *Jacobsen v. Katzer*, 535 F.3d 1373, 1378–79 (Fed. Cir. 2008); *Wallace v. IBM Corp.*, 467 F.3d 1104 (7th Cir. 2006).

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

¹⁴⁵ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 20–21; Gomulkiewicz, *The Federal Circuit's Licensing Law Jurisprudence: Its Nature and Influence*, *supra* note 48.

¹⁴⁶ 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).

¹⁴⁷ The Federal Circuit used the word “control” on numerous occasions in its *Jacobsen* opinion. See 535 F.3d at 1375, 1378, 1381.

¹⁴⁸ *Jacobsen*, 535 F.3d at 1378.

¹⁴⁹ *Id.* at 1382 (describing control exercised by copyright holders).

¹⁵⁰ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 21–22.

¹⁵¹ 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);

“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. Licensors come in all shapes and sizes: Adobe,¹⁵⁵ MySQL,¹⁵⁶ Massachusetts Institute of Technology,¹⁵⁷ the Free Software and Linux Foundations, Richard Stallman, Eric Raymond (a founder of the Open Source Initiative),¹⁵⁸ and, of course, Professor Robert Jacobsen. So do licensees: the United States government,¹⁵⁹ IBM,¹⁶⁰

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. . .”).

¹⁵² See, e.g., MARK A. LEMLEY ET AL., *SOFTWARE AND INTERNET LAW* 300 (2d ed. 2003) (describing licensing as “controversial”).

¹⁵³ 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.

¹⁵⁴ 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.”).

¹⁵⁵ See *Adobe Sys. Inc. v. Stargate Software Inc.*, 216 F. Supp. 2d 1051 (N.D. Cal. 2002).

¹⁵⁶ See *Progress Software Corp. v. MySQL AB*, 195 F. Supp. 2d 328 (D. Mass. 2002).

¹⁵⁷ MIT licenses the content of its courses under a Creative Commons license. Mass. Inst. of Tech., *OpenCourseWare, Privacy and Terms of Use*, <http://ocw.mit.edu/OcwWeb/web/terms/terms/index.htm> (last visited Feb. 16, 2009).

¹⁵⁸ See Eric Raymond’s Open-Source Collection, <http://www.catb.org/~esr/software.html> (last visited Nov. 12, 2008) (describing Raymond’s software projects); see also ERIC S. RAYMOND, *THE CATHEDRAL AND THE BAZAAR: MUSINGS ON LINUX AND OPEN SOURCE BY AN ACCIDENTAL REVOLUTIONARY* (Tim O’Reilly ed., rev. ed. 2001) (1999).

¹⁵⁹ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 757.

¹⁶⁰ IBM licenses the Apache web server and Linux. STEVEN WEBER, *THE SUCCESS OF OPEN SOURCE* 125–26 (2004).

Amazon.com;¹⁶¹ UPS; Wal-Mart; Linus Torvalds;¹⁶² President Obama;¹⁶³ 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.¹⁶⁴ 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,¹⁶⁵ such as open source licensing.¹⁶⁶

For example, open source licensing underlies the development of the Linux kernel.¹⁶⁷ 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.¹⁶⁸ 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

¹⁶¹ Amazon.com runs its servers on a Linux-based operating system. Steven Shankland, Margaret Kane & Robert Lenos, *How Linux Saved Amazon Millions*, Oct. 30, 2001, <http://news.cnet.com/2100-1001-275155.html>.

¹⁶² 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>.

¹⁶³ The President is an avid Blackberry user. Jeff Zeleny, *Lose the Blackberry? Yes He Can, Maybe*, N.Y. TIMES, Nov. 16, 2008, at A1; see also Jeff Zeleny, *Obama Gets a Thumbs-Up for His Blackberry*, N.Y. TIMES, Jan. 22, 2009, <http://thecaucus.blogs.nytimes.com/2009/01/22/obama-gets-a-thumbs-up-for-his-blackberry/>.

¹⁶⁴ 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").

¹⁶⁵ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 2–3, 11–14 (providing examples of how licensing leads to innovation); Gomulkiewicz, *The Federal Circuit's Licensing Law Jurisprudence: Its Nature and Influence*, *supra* note 48 (describing how licensing supports innovation in the creation of products, customer solutions, distribution methods, and offers users a variety of information products at various price points).

¹⁶⁶ See generally WEBER, *supra* note 160 (discussing development of various open source software business models); Yochai Benkler, *Coase's Penguin, or, Linux and the Nature of the Firm*, 112 YALE L.J. 369 (2002) (discussing the emergence of peer-based projects and systems).

¹⁶⁷ See WEBER, *supra* note 160, at 99–109, 111–21 (describing the history of Linux).

¹⁶⁸ See WEBER, *supra* note 160, at 65–72 (discussing the number of Linux collaborators).

system which, when distributed by firms such as IBM and Red Hat,¹⁶⁹ competes vigorously in the market on quality and price with Microsoft's Windows operating system and Sun Microsystems' Solaris software.¹⁷⁰

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.¹⁷¹ 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."¹⁷²

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.¹⁷³ 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,¹⁷⁴ violation of the

¹⁶⁹ See ROBERT YOUNG & WENDY GOLDMAN ROHM, UNDER THE RADAR: HOW RED HAT CHANGED THE SOFTWARE BUSINESS—AND TOOK MICROSOFT BY SURPRISE (1999) (explaining how Red Hat distributes GNU/Linux).

¹⁷⁰ See generally Jonathan Zittrain, *Normative Principles for Evaluating Free and Proprietary Software*, 71 U. CHI. L. REV. 265 (2004) (discussing open source software competing against various Microsoft products). Indeed, Microsoft programmers do not write all of the code in Windows. See Gomulkiewicz, *The Federal Circuit's Licensing Law Jurisprudence: Its Nature and Influence*, *supra* note 48. Windows includes code licensed from hundreds of third parties and this licensing makes Windows a more innovative product than if it were developed solely by Microsoft. *Id.* See also Xuan-Thao Nguyen & Jeffrey A. Maine, *Acquiring Innovation*, 57 AM. U. L. REV. 775, 776–92 (2008) (describing how technology companies such as Microsoft and Sun improve their products by acquiring third party technology).

¹⁷¹ Cf. U.S. CONST. art. I, § 8, cl. 8.

¹⁷² *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.

¹⁷³ See NGUYEN, GOMULKIEWICZ & CONWAY-JONES, *supra* note 21, at 31–39 (describing the boundaries).

¹⁷⁴ 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'ns 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 licensee from developing a competing

Sherman Act,¹⁷⁵ or find that it is preempted by federal law.¹⁷⁶ 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.¹⁷⁷ Exercising prudence will safeguard against the effects of a licensor's attempt to improperly expand copyright power via proliferation of license conditions.¹⁷⁸ 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 emergency¹⁷⁹ or affirmative injunctive relief.¹⁸⁰ Moreover, for license conditions that scarcely touch on copyright, the court should not presume irreparable harm.¹⁸¹ 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

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).

¹⁷⁵ 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”).

¹⁷⁶ See, e.g., *Nat'l Car Rental Sys., Inc. v. Computer Assocs., Inc.*, 991 F.2d 426, 428, 430–32 (8th Cir. 1993) (discussing method for determining if state law contract right is preempted by Copyright Act); *SQL Solutions, Inc. v. Oracle Corp.*, No. C-91-1079, 1991 WL 626458, at *5 (N.D. Cal. Dec. 18, 1991) (finding contract right preempted by the Copyright Act).

¹⁷⁷ The same reasoning would apply to the award of attorneys' fees and damages for infringement, including statutory damages.

¹⁷⁸ 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.

¹⁷⁹ E.g., temporary restraining orders.

¹⁸⁰ 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.

¹⁸¹ 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.”).

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.

