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Thomas's private practice in government policy, along with his in-house counsel experience, equip him to provide practical, timely and concise legal advice, grounded in a deep understanding of the business and technological complexities faced by companies today.

At a Level Crossing: Open-Source Software Licensing Compliance in a Post *Jacobsen v. Katzer* World

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By clarifying the enforceability of open-source software licences, the recent decision in *Jacobsen v. Katzer* has left the software licensing world at an important crossroad.

The *Jacobsen v. Katzer* case focused on hardware and software used to control model trains. Jacobsen, together with his Java Model Railroad Interface software group, wrote a software program to allow enthusiasts to program model trains' decoder chips. DecoderPro was released under the Artistic Licence, a form of open-source software licence. Subject to only a few restrictions, the Artistic Licence allows users to download, use and modify code. These restrictions include the requirement to attribute authorship, to include the licence, and to provide instructions on how to obtain an unmodified version of the source code.

Katzer and Kamind, a commercial company, produced a similar product that incorporated parts of the DecoderPro code, without complying with the terms of the Artistic Licence. Jacobsen brought forward an action for copyright infringement and moved for a preliminary injunction. The trial court denied the injunction and held that the Artistic Licence created an "intentionally broad" non-exclusive licence. It was decided that there was no

liability for copyright infringement, and that the claim was limited to a potential breach of the covenants of the non-exclusive licence.

The trial decision was appealed to the United States Court of Appeals for the Federal Circuit. The Appeal Court found that the terms of the Artistic Licence were not merely covenants and were enforceable copyright conditions. By upholding the Artistic Licence, the Court found that Katzer's use of DecoderPro was an infringement of Jacobsen's copyright due to failure to comply with the restrictions set out in the Artistic Licence.

Given that model railroads were at the centre of the *Jacobsen v. Katzer* decision, some lessons learned are presented below in the form of the Operation Lifesaver train safety rules and tips.

1. Be prepared to stop.

The *Jacobsen v. Katzer* decision provides an excellent opportunity for companies to stop and reflect. While the decision will have little – if any – impact on companies that have already adopted prudent open-source software (OSS) practices, it is a reminder for any company that has not addressed its OSS practices and a warning for any company counting on the unenforceability of OSS licences.

2. Look for the crossbuck symbol and listen for warning whistles.

OSS licensing management is information based; therefore, companies need to collect and maintain relevant information about their OSS use. Black Duck Software, Palamida and Protecode are excellent code analysis resources available to help companies analyze OSS information.

3. Obey the signals.

It is vital for companies to take immediate remedial actions to address any issues raised by the information collected about OSS. While there remain many areas of legal, business and technical uncertainty, it is clear that the OSS movement has certain cultural norms and core values that need to be respected. Companies must ensure that their OSS practices align with these values and norms, and make informed and intelligent decisions in the remaining areas of uncertainty.



4. If one train passes, make sure that a second train isn't approaching.

OSS licensing management practices need to consider not only internal usage and customers but also the supply chain. A number of leading enforcement actions related to OSS have occurred as a result of upstream actions in the supply chain. Companies that have focused solely on their use of OSS should address the issues raised by other third-party software sourced under commercial licence or development agreements.

5. Cross the track safely.

It is important for companies to act decisively, notwithstanding the uncertainty. Taking a series of small steps in the direction of OSS compliance is better than doing nothing at all. Inevitably a company's development of OSS policies and practices will be an iterative process, and will change as the information base, company strategy, OSS norms and legal practices evolve. Just don't stall on the tracks!

6. Ensure that your view is not obstructed.

While it is important to act now, it is also essential to put in place a comprehensive OSS strategy and road map. This includes both a medium-term strategy for product evolution, support and contingency risks and a long-term strategy for the evolving role of OSS in the company's technology and business plan. OSS policies and approaches should align with, and in some cases lead, the overall business objectives of the company.

7. Playing on the train tracks is dangerous.

OSS legal compliance is not an area to play in. OSS legal compliance and analysis involve much more than reading OSS licences. This rapidly changing area demands OSS community norms and values, and an awareness of current issues and developments. A company will be best served by engaging true experts in the OSS business, technical and legal arenas who are able to tackle the OSS Gordian Knot!

By following these seven simple railway safety rules and tips a company can move forward on its OSS licensing compliance journey and use the power of OSS to support business objectives. These rules help facilitate safe travel through the level crossing marked by the *Jacobsen v. Katzer* decision, and help navigate the complexity of OSS on the way to business success.